

TRILATERALISM

The Trilateral Commission and
Elite Planning for World Management

edited by Holly Sklar

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TRILATERALISM: MANAGING DEPENDENCE AND DEMOCRACY— AN OVERVIEW *

Holly Sklar

Introduction

When Jimmy Carter became president of the United States in January 1977, he made an under-"Statement to the World" which began: "I have chosen the occasion of my inauguration as president to speak not only to my countrymen—which is traditional—but also to you, citizens of the world who did not participate in our election but who will nevertheless be affected by my decisions." With equal candor members of the Trilateral Commission—an organization in which Jimmy Carter was an active participant—might have added: "We have chosen the occasion of President Carter's inauguration to speak not only to our membership, the Business Roundtable, the Council on Foreign Relations, and other such elite planning organizations—which is traditional—but also to you, citizens of the world who are not familiar with our organizations and did not participate in our appointment but who will nevertheless be affected by our decisions."**

In 1973 the Trilateral Commission was founded by David Rockefeller, Chase Manhattan Bank chairman,*** Zbigniew Brze-

*I am especially grateful to Leah Margulies, Dahlia Rudavsky, Ros Everdell, Nancy Goulder, and Jane Fleishman for their comments on various drafts of this article. They helped me become clearer in my own mind and on paper.

Readers are encouraged to follow the authors' and editor's notes which appear at the bottom of the page for background information, extended discussion, and interesting sidelines. Reference notes are listed at the end of each article in this volume.

**Terms such as "businessman" and "chairman" (Carter uses "countrymen" above) appear throughout this paper. I want to make clear at the outset that these words are being used consciously. Very few women have been admitted into elite planning circles; there are virtually no women in the inner circles. Women were not admitted to the Council on Foreign Relations until 1970. The few women serving on the Trilateral Commission are highlighted in "Who's Who on the Trilateral Commission." No women serve as chief executive officers and only a handful have reached high positions in the corporations mentioned throughout this book. Understanding this, I think it is important not to mask the (white) male corporate elite in nonsexist terminology.

***See Appendix for background information on the Rockefeller family.

zinski, Carter's national security advisor, and other like-minded "eminent private citizens." Some 300 members (up from about 200 members in 1973) are drawn from international business and banking, government, academia, media, and conservative labor. (See "Who's Who on the Trilateral Commission" for a closer look at the participants.) The Commission's purpose is to engineer an enduring partnership among the ruling classes of North America, Western Europe, and Japan—hence the term "trilateral"—in order to safeguard the interests of Western capitalism in an explosive world. The private Trilateral Commission is attempting to mold public policy and construct a framework for international stability in the coming decades. Throughout this book, "trilateralism" refers to the doctrine of world order advanced by the Commission.

Shortly before Jimmy Carter's election in 1976, Richard Ullman wrote from inside the foreign policy establishment: "In the U.S.—among elites, at any rate—trilateralism has become almost the consensus position on foreign policy."¹ But it was only at the time of Carter's election that the Trilateral Commission was given much media attention. "Sound the Alarm: the Trilateralists are Coming!" teased William Greider in a postinaugural article on the Carter Administration and the Trilateral Commission.² Jimmy Carter has picked no less than twenty-five trilateralists to serve in the highest posts of his administration.³ Besides Brzezinski, founding director of the Trilateral Commission, we find: Vice-President Walter Mondale, (former) Secretary of State Cyrus Vance, (former) Ambassador to the United Nations Andrew Young, Secretary of Defense Harold Brown, and Chairman of the Federal Reserve Board Paul Volcker.⁴ (See Laurence Shoup, "Jimmy Carter and the Trilateralists: Presidential Roots.")

*Ullman was then director of the Council on Foreign Relations (CFR) 1980s Project. He is now the editor of *Foreign Policy*, published by the Carnegie Endowment for International Peace. (The CFR publishes the older establishment journal, *Foreign Affairs*.)

***Trilateralist refers to active or inactive Trilateral Commission members as well as scholars who participate by heading up trilateral task force studies. Normally, when Commission members are appointed or elected to high public office they are listed in the organization's membership roster as "Former Members in Public Service." A complete list of trilateralists in government in the United States, Canada, Western Europe, and Japan appears in the "Who's Who" in this volume.

***In the wake of his so-called Thursday afternoon (cabinet) massacre, Carter accepted the resignation of one trilateralist, Secretary of the Treasury W. Michael Blumenthal, and appointed two others. Hedley Donovan, former editor-in-chief and a continuing director of Time Inc. (which encompasses *Time*, *Fortune*, *Life*, and the *Washington Star*) was named senior adviser on domestic and foreign policy and media relations (in his article on Carter and the trilateralists, Shoup discusses the

Trilateralists don't make a habit of speaking directly and openly to us, the mass of world citizens (whether they are in government or out of government). But from their publications and other statements as well as by their actions, we can glean a clear sense of their ideology, goals, and strategy. Key themes of trilateralism are captured in the following statements:

The public and leaders of most countries continue to live in a *mental universe which no longer exists—a world of separate nations*—and have great difficulties thinking in terms of global perspectives and interdependence.

The liberal premise of a separation between the political and economic realm is obsolete: *issues related to economics are at the heart of modern politics.*

—*Toward a Renovated International System*
(Trilateral Task Force Report: 1977)

The vulnerability of democratic government in the United States (thus) comes not primarily from external threats, though such threats are real, nor from internal subversion from the left or the right, although both possibilities could exist, but rather *from the internal dynamics of democracy itself in a highly educated, mobilized, and participant society.* [Italics ed.]

The Crisis of Democracy: Report on the Governability of Democracies to the Trilateral Commission
(New York University Press, 1975)*

instrumental role the media played—with Hedley Donovan's active leadership—in aiding Carter's election). Paul Volcker, former president of the Federal Reserve Bank of New York, mentioned above, became Federal Reserve chief (G. William Miller resigned that post to succeed Blumenthal at the Treasury Department). It is most interesting that the five leading candidates for Federal Reserve chief were all trilateralists. Bruce K. MacLaury, president of the Brookings Institution, remained in the running with Volcker. David Rockefeller; A.W. Clausen, chairman of the Bank of America; and Robert Roosa, partner in the investment banking firm of Brown Bros., Harriman, took themselves out of consideration (*New York Times*, 25 July 1979). Clyde M. Farnsworth reports that Volcker "was part of the Roosa 'brain trust'" and "also served in management positions at Chase Manhattan Bank." Rockefeller "and Mr. Roosa were strong influences in the [sic] Mr. Carter's decision to name Mr. Volcker for the Reserve Board Chairmanship." (*New York Times*, 26 July 1979).

Andrew Young resigned on 15 August 1979 under fire for meeting with the Palestinian Liberation Organization's representative to the United Nations. Cyrus Vance resigned on 28 April 1980 in a dispute over the hostage "rescue operation." Vance had earlier stated he would not stay on for a second term. The U.S.-Iran crisis is discussed in the conclusion to this volume.

**Towards a Renovated International System* "was conceived as a capstone [culmination] of the first three years of the Trilateral Commission's efforts." (*Fourth Annual Report*.) Since the report's completion, co-author Richard Cooper has become undersecretary of state for economic affairs and Robert Bowie, special consultant in the writing of the report, has become deputy director to the director of Central Intelligence for National Intelligence. Samuel Huntington, the co-author of

To put it simply, trilateralists are saying: (1) the people, governments, and economies of all nations must serve the needs of multinational banks and corporations; (2) control over economic resources spells power in modern politics (of course, good citizens are supposed to believe as they are taught; namely, that political equality exists in Western democracies whatever the degree of economic inequality); and (3) the leaders of capitalist democracies—systems where economic control and profit, and thus political power, rest with the few—must resist movement toward a truly popular democracy. In short, trilateralism is the current attempt by ruling elites to manage both dependence and democracy—at home and abroad.

What does trilateralism mean in practical terms for people in the United States and throughout the world? What are the links between trilateral design, government policy making, and actual events? Where are the gaps? What resistance does trilateralism face? These are some of the basic questions we must address. This article provides an overview of trilateralism and a foundation for the readings which follow. It is organized in six sections:

- (1) Trilateral Origins: Western Business on the Defensive
- (2) The New Corporate Empires: Spreading the Ideology of Profit, Stability, and the Trilateral Way
- (3) Managing Third World Dependence: Revitalizing Imperialism
- (4) East-West Relations: Rehabilitating the "Dropouts"
- (5) Managing Western Democracy: Limited Democracy is "Governable" Democracy
- (6) Challenges and Contradictions: The Struggle Continues

Trilateral Origins: Western Business on the Defensive

Trilateralism is rooted in a long tradition of elite ideology and corporate planning. For example, a private U.S. organization called the Council on Foreign Relations (CFR), founded in 1918, remains a powerful force in shaping public policy and perception. As the Council's 1919 handbook explains:

The Crisis of Democracy (a full-length book published by New York University Press) was appointed by Brzezinski to the National Security Council (see note on Huntington in "East-West Relations: Rehabilitating the "Dropouts" in this overview).

One rapporteur from each of the trilateral regions of North America, Western Europe, and Japan collaborate in writing the task force reports known as the *Triangle Papers*; see the list of publications in the bibliography to this volume.

It is a board of initiation—a Board of Invention. It plans to cooperate with the government and all existing international agencies and to bring them all into constructive accord.³

The CFR had its special chance to be a "Board of Invention" during and after World War II when it played a pivotal role in formulating U.S. war aims, constructing the post-World War II international economic and political order, and guiding U.S. policy over the last quarter century. (See Shoup and Minter.) In the postwar period, it was relatively easy to bring all parties into "constructive accord." Western Europe and Japan were in ruins; the U.S. emerged from the war as the unrivaled economic, military, and political power. Through massive economic and military assistance programs like the Marshall Plan and the North Atlantic Treaty Organization (NATO) Western Europe and Japan were reconstructed, following U.S. specifications, into stable trading partners and bulwarks against the "communist threat." The World Bank, the International Monetary Fund (see article by James Phillips), and other international organizations were founded during that early period. They became pillars of the postwar international trade and monetary system known as the Bretton Woods System (because it was established at Bretton Woods, New Hampshire in 1944); the Soviet Union and other "Socialist bloc" countries dropped out in the early stages when it became clear the system was to be designed mainly by and for the United States.

A lesser-known companion institution to the CFR is the Bilderberg Group. Bilderberg, founded in 1954, is a European-led organization which is well attended by heads of state and other "influentials" from Western Europe, the U.S., and Canada. The catch-word for the times was "Atlanticism" not "trilateralism"; Japan had not yet earned its place in the so-called "club of advanced nations" which formed the Atlantic Alliance. (See article by Peter Thompson for a look at postwar U.S.-European relations and Bilderberg's origins and activities through the present.)

Domestic stability and international stability were closely linked under the umbrella of the welfare/warfare state. (Alan Wolfe discusses this in Part VIII.) Policy makers and presidents like John F. Kennedy and Lyndon Johnson stepped up efforts to fight the worldwide "war on communism" (read "war for capitalism") alongside the domestic "war on poverty"—with the support of liberals, big labor, and big business. ("Cold War liberalism" is the name given to the dominant ideology of the postwar period.) Corporations reaped lush profits from domestic military production and rapidly expanded out into the empire which U.S. foreign aid remodelled and U.S. guns protected. Stability at home was maintained with varying doses of

butter (expanding social welfare programs in the context of a prosperous economy) and political repression (McCarthy era of the 1950s; FBI and CIA counter-intelligence programs to disrupt and destroy progressive movements in the 1960s and 70s; systematic police brutality against Chicano/as, Blacks, Native Americans, and Puerto Ricans.)

With the sixties and early seventies came the collapse of the postwar international economic system and crisis in the welfare/warfare state. In advertising a 1979 feature story, "The Decline of U.S. Power: the New Debate Over Guns and Butter," *Business Week* exclaims:

READ IT AND WEEP...Between the fall of Vietnam and the fall of the Shah of Iran the United States has suffered a series of shocks signaling a steady erosion of U.S. power throughout the world...The entire U.S.-created post-World War II global economic system is in danger of destruction.⁴

What are some of these shocks? Broad and militant protest and sustained political mobilization shook the stability of trilateral governments. The struggle for workers', students', and peasants' power brought France near revolution in May 1968—a climactic year throughout Western Europe, the U.S., and Japan. Watergate was a public display of government deceit and immorality. As trilateralists see it, a "crisis of democracy" plagued the West. (Carter sermonized about the continuing crisis in July 1979, calling it a "crisis of confidence"—in government, national purpose, the future—about which more will be said below.)

The rout of the U.S. military from Vietnam—formalized by the Paris treaty of 1973 and finalized with the fall of the Thieu regime in April 1975—undermined severely the U.S. role as global police for international capitalism. Domestic constraints were placed on direct and covert U.S. military action as the public said no to massive intervention abroad and Congress took steps to curb the imperial presidency and its zealous scouts, the CIA.*

The "oil shock" came with the October 1973 Arab oil embargo (against the U.S. and the Netherlands because of their support for Israel during the October War) and OPEC price hikes of 1973-74.**

*Kissinger and Ford, for example, wanted to escalate ongoing CIA operations in Angola where the U.S. supported factions backed by South Africa and Zaire (the FNLA and UNITA) fighting the MPLA, the rightful government of liberated Angola. (Angola became independent of Portugal in November 1975.) The Senate and House banned further covert aid in December 1975 and January 1976.

**Organization for Petroleum Exporting Countries: Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, Venezuela (as of 1973).

OPEC's success awakened Third World and Western leaders alike to the potential of "commodity power" on the side of raw materials producers (and not just the "middlemen" corporations and consumer nations, as before). Oil gave OPEC the clout to force the rising Third World call for a *New International Economic Order* (NIEO) onto the Western agenda. (See first editor's note in Girvan article.)

1973 [observes Brzezinski] was the year in which for the first time the new nations—the Afro-Asian nations, so to speak, inflicted a political reversal on the advanced world...In some respects, if 1945 was the beginning of the existing international system, 1973 marked the beginning of its end and hopefully the beginning of its renovation and readjustment.⁵

But the post-World War II economic order began to disintegrate even before OPEC and Vietnam cracked the armor of Western imperialism. The new menace of "stagflation"—stagnant economic growth with associated widespread unemployment *plus* rampant inflation—proved immune to modern economic medicine, highlighting the deepening economic crisis of world capitalism. Trade rivalry was mounting among the U.S., Japan, and Western Europe. West Germany and Japan were fast becoming economic Frankensteins, challenging U.S. hegemony over the international capitalist system. By the mid-sixties the traditionally large U.S. trade surplus had begun to erode; by 1971 the U.S. was running trade deficits, importing more than it exported. A huge buildup of dollars outside the U.S.—a result of hegemonic military and foreign aid activities—became disruptive of international monetary relations. Through inflation and speculation the dollar weakened against the Japanese yen and West German mark. International economic reform was needed. But before mutually agreeable reforms could be initiated President Nixon and Treasury Secretary John Connally* unilaterally demolished the tottering Bretton Woods System on 15 August 1971 (an important date on the international business timeline), and attempted to reassert U.S. supremacy with a strongly protectionist "New Economic Policy."** (See article by Jeff Frieden for a perceptive review of these events leading up to the founding of the Trilateral Commission.)

*Connally was an unsuccessful candidate for the Republican presidential nomination in the 1980 elections.

**Protectionist measures are designed to defend (protect) the domestic economy and aid industries (e.g., steel and textiles) which are losing out in international trade competition. Examples include: quotas on imports, tariffs, direct subsidies for industry (increasingly important today).

The "Nixon shocks" violated the rules of "free trade"—the unobstructed flow of money, goods, and services between countries—enshrined in Bretton Woods. Indeed, such a harsh display of economic nationalism raised the specter of trade wars between the so-called free world powers, and horrified corporate captains such as David Rockefeller for whom international free enterprise is gospel.

On the political front, Nixon and Kissinger attended to the emerging U.S.-China-USSR triangle to the neglect of the Cold War alliance. Western Europe welcomed detente with the Soviet Union, but not at the expense of its special relationship with the U.S. The overtures to Peking marked by Kissinger's secret trip in July 1971 and Nixon's pageant in February 1972 came as a special shock to an uninformed Japan.

The Trilateral Commission was launched before all the tremors described above had yet registered on the economic/political seismograph. The Commission's aim is to "nurture habits and practices of working together" among the trilateral regions in order to: promote a healthy (i.e., mutually beneficial and not mutually suicidal) level of competition between the capitalist powers; forge a common front against the Third World and Soviet Union; "renovate" the international political economy in the interest of global business and finance; make trilateral democracy more "governable."

The trilateral regions, Commissioners point out, "have the largest shares of world trade and finance and produce two-thirds of the world's output." The Commission's overriding concern is that trilateral nations "remain the vital center" of management, finance, and technology (i.e. power and control) for the world economy—a world economy which (in Brzezinski's words) would "embrace" and "co-opt" the Third World and gradually reintegrate the Soviet Union, Eastern Europe, and China (known as the "dropouts" in trilateral lingo).

Trilateral Commissioners assert: "*history shows that every effective international system requires a custodian.*" Today, the supereconomies—West Germany and Japan—must share the custodial role with the United States. Trilateralism, a form of "collective management" under U.S. tutelage, is the necessary response if corporate capitalism is to endure and prosper.⁶

The New Corporate Empires: Spreading the Ideology of Profit, Stability, and the Trilateral Way

Trilateralism is the creed of an international ruling class whose locus of power is the global corporation.* The owners and managers

*The term "global corporation" is being used in place of other common terms such as

of global corporations *view the entire world as their factory, farm, supermarket, and playground.* The Trilateral Commission is seeking to strengthen and rationalize the world economy in their interest.

Trilateral Commissioner George Ball (investment banker and former undersecretary of state) applauds the growing number of "cosmocorps" which are

engaged in taking the raw materials produced in one group of countries, transforming these into manufacturing goods with the labor and plant facilities of another group, and selling the products in still a third group...[all] with the benefit of instant communications, quick transport, computers, and modern management techniques...⁷

These corporations control vast amounts of natural resources; monopolize the production of commodities vital to our daily lives, such as food and energy;* and dominate the research and development of new technology. (Michael Garitty discusses the devastating impact of corporate-controlled energy production on people and the environment focusing heavily on the pillage of resource-rich Indian lands and the mounting threat to Native American survival).

The economies of most countries are dwarfed by the economic power of the largest corporations and banks. Below, Table 1 ranks the top 130 industrial corporations and countries for 1976 (the last year for which complete data was available at this writing). A comparison with 1970 data is provided which especially highlights the gains of oil companies and oil-producing nations in the seventies. Table 2 examines the top fifty international banks. In 1976 some 40 percent of the total massive debt of non-oil producing Third World nations was owed to private banks like Chase Manhattan and Bank of America (about \$75 billion; up from 28 percent of total debt, or \$12 billion, in 1967).** Chairmen of the board, presidents, vice-

"multinational corporation" or "transnational corporation" which are used interchangeably in the popular vocabulary.

*For example, seven oil companies have long dominated the world's oil and natural gas supply. The so-called Seven Sisters include: Mobil, Gulf, Texaco, Exxon (Standard of New Jersey), Socal (Standard of California), BP (British Petroleum) and Royal/Dutch Shell. Oil companies have been steadily monopolizing other forms of energy: coal, nuclear, and solar. Describing concentration in the United States food industry, Susan George explains: "Economists generally agree that if 55% or more of a given market is controlled by four or fewer companies, then an oligopoly exists. This is the case for every major food category in the United States." For example, in the case of milk products the top four firms hold 70 percent of the market. Susan George, *Feeding the Few: Corporate Control of Food* (Washington D.C.: Institute for Policy Studies, 1979) pp. 27-28. In this volume, see Dahlia Rudavsky's analysis of trilateral food policies and the afterword by a U.S. farmer.

**See, for example, Howard M. Wachtel, *The New Gnomes: Multinational Banks in*

Table 1
Top 130 Countries and Companies in 1976
Ranked by Gross National Product and Worldwide Company Sales¹

Rank '76 '70 ²	Name Country/Company	Amount GNP/Sales (Billion \$US)	Company Headquarters	Economic Sector/ or OPEC Member
1	1 •United States	1,694.9		
2	2 USSR	717.5		
3	3 •Japan	573.9		
4	4 •Federal Republic of Germany (West)	461.8		
5	5 •France	356.0		
6	6 •People's Republic of China	307.0		
7	7 •United Kingdom	233.5		
8	9 •Canada	182.5		
9	8 •Italy	180.6		
10	12 Brazil	143.0		
11	16 •Spain	107.2		
12	11 Poland	99.1		
13	15 Australia	97.3		
14	19 •Netherlands	91.6		
15	10 India	87.8		
16	13 German Democratic Republic (East)	75.8		
17	18 Sweden	74.2		
18	39 Iran	69.2		OPEC
19	20 •Belgium	68.9		
20	14 Mexico	65.5		
21	23 Switzerland	58.1		
22	17 Czechoslovakia	56.5		
23	29 •Exxon ¹	48.6	US	Petroleum
24	24 •General Motors	47.2	US	Motor Vehicle
25	33 Austria	42.2		
26	45 Turkey	41.3		
27	— Saudi Arabia	40.9		OPEC
28	22 Argentina	40.7		
29	30 •Denmark	39.0		
30	25 Yugoslavia	37.7		
31	36 •Royal Dutch/Shell Group	36.1	Netherlands/ UK	Petroleum
32	32 Indonesia	36.1		OPEC
33	27 South Africa	33.7		
34	35 •Norway	31.4		
35	37 Venezuela	31.3		OPEC
36	— Nigeria	30.9		OPEC

Rank '76 '70 ²	Name Country/Company	Amount GNP/Sales (Billion \$US)	Company Headquarters	Economic Sector/ or OPEC Member
37	21 Romania	30.0		
38	31 •Ford Motor	28.8	US	Motor Vehicle
39	38 Finland	27.8		
40	54 •Texaco	26.4	US	Petroleum
41	48 •Mobil	26.1	US	Petroleum
42	43 South Korea	25.3		
43	— Hungary	24.8		
44	42 Greece	23.6		
45	34 Bulgaria	21.6		
46	— National Iranian Oil	19.7	Iran	Petroleum
47	66 •Standard Oil of California	19.4	US	Petroleum
48	69 •British Petroleum	19.1	UK	Petroleum
49	40 Philippines	18.0		
50	60 Taiwan	17.1		
51	— Algeria	16.7		OPEC
52	61 Gulf Oil	16.4	US	Petroleum
53	47 •IBM	16.3	US	Office Equipment
54	52 Thailand	16.3		
55	— •Portugal	16.1		
56	— Iraq	16.0		OPEC
57	51 •Unilever	15.8	Netherlands/ UK	Food
58	44 •General Electric	15.7	US	Electrical
59	49 Colombia	15.7		
60	50 Chrysler	15.5	US	Motor Vehicle
61	— Libya	15.1		OPEC
62	— Kuwait	14.4		OPEC
63	58 Peru	13.4		
64	26 Pakistan	13.1		
65	— New Zealand	13.1		
66	53 •ITT	11.8	US	Electrical
67	75 •Standard Oil (Indiana)	11.5	US	Petroleum
68	67 •Philips ¹	11.5	Netherlands	Electrical
69	46 Chile	10.9		
70	81 Democratic People's Republic of Korea (No)	10.8		
71	55 Egypt	10.7		
72	71 Malaysia	10.6		
73	— •ENI	10.0	Italy	Petroleum
74	— United Arab Emirates	10.0		OPEC
75	— •Française des Petroles	9.9	France	Petroleum
76	— Hong Kong	9.9		
77	59 Israel	9.7		

Rank '76 '70 ¹	Name Country/Company	Amount GNP/Sales (Billion \$US)	Company Headquarters	Economic Sector/ or OPEC Member
78	— •Renault	9.4	France	Motor Vehicle
79	89 •Hoechst	9.3	W Germany	Chemicals
80	95 BASF	9.2	W Germany	Chemicals
81	— Petroleos de Venezuela	9.1	Venezuela	Petroleum
82	91 Daimler-Benz	9.0	W Germany	Motor Vehicle
83	84 Morocco	8.9		
84	63 •US Steel	8.6	US	Metal Refining
85	64 •Volkswagenwerk	8.5	W Germany	Motor Vehicle
86	— •Atlantic Richfield	8.5	US	Petroleum
87	77 •E.I. Du Pont	8.4	US	Chemicals
88	— Bayer	8.3	W Germany	Chemicals
89	72 •Ireland	8.3		
90	70 •Nippon Steel	8.1	Japan	Metal Refining
91	86 Siemens	8.1	W Germany	Electrical
92	— •Continental Oil	8.0	US	Petroleum
93	— Cuba	8.0		
94	93 •August Thyssen-Hutte	7.9	W Germany	Metal Refining
95	— •Toyota Motor	7.7	Japan	Motor Vehicle
96	— Viet Nam	7.7		
97	— Nestle	7.6	Switzerland	Food
98	— ELF-Acquitaine	7.5	France	Petroleum
99	79 •Imperial Chemical Industries (ICI)	7.4	UK	Chemicals
100	— Puerto Rico	7.4		
101	— •Peugeot-Citroen	7.3	France	Motor Vehicle
102	— Petrobras	7.2	Brazil	Petroleum
103	— Bangladesh	7.0		
104	83 •Hitachi	6.7	Japan	Electrical
105	— B.A.T. Industries	6.7	UK	Tobacco
106	— •Nissan Motor	6.6	Japan	Motor Vehicle
107	92 •Proctor & Gamble	6.5	US	Soap & Cosmetics
108	— Tenneco	6.4	US	Petroleum
109	90 •Union Carbide	6.3	US	Chemicals
110	— Syria	6.3		
111	65 •Westinghouse Electric	6.1	US	Electrical
112	— •Mitsubishi Heavy Industries	6.1	Japan	Industrial Equipment, Motor Vehicle
113	— •Saint-Gobain-Pont-a-Mousson	6.0	France	Building Material
114	— Singapore	5.9		
115	96 •Montedison	5.8	Italy	Chemicals

Rank '76 '70 ¹	Name Country/Company	Amount GNP/Sales (Billion \$US)	Company Headquarters	Economic Sector/ or OPEC Member
116	87 •Goodyear Tire and Rubber	5.8	US	Rubber
117	— •Matsushita Electric Industrial	5.7	Japan	Electrical
118	— Philips Petroleum	5.7	US	Petroleum
119	— •Dow Chemical	5.6	US	Chemical
120	— Occidental Petroleum	5.5	US	Petroleum
121	— •International Harvester	5.5	US	Industrial and Farm Equipment
122	— Eastman Kodak	5.4		Scientific Instruments
123	— •Sun	5.4	US	Petroleum
124	— AEG-Telefunken	5.4	W Germany	Electrical
125	— Union Oil of California	5.4	US	Petroleum
126	85 •RCA	5.3	US	Electrical
127	— Esmark	5.3	US	Food
128	94 •Bethlehem Steel	5.2	US	Metal Refining
129	— Rockwell International	5.2	US	Aerospace
130	— United Technologies	5.2	US	Aerospace

Summary:	Top 100	Last 30	Top 130
Companies	37	28	65
Countries	63	2	65

Other 1976 GNP Comparisons: Guatemala 4.4; Burma 3.8; Kenya 3.5; Bolivia 3.0; Panama 2.0; Jordan 1.8; Sierra Leone 0.6; Somalia 0.4.

¹ Gross National Product (GNP) = total value of a nation's annual output of goods and services. Sales include service and rental revenues but exclude dividends, interest, and non-operating revenues. All companies on list must have derived more than 50 percent of their sales from manufacturing and/or mining.

1976 is the last year for which complete data was available when this chart was compiled in 1979.

Sources: 1978 *World Bank Atlas*; 1977 *Fortune* Directory of the Largest Industrial Companies in the World.

² "Gross National Products of Countries and Net Sales of Companies Interspersed: Top 100, By Rank, 1970," in the Corporate Action Project's *Corporate Action Guide* (Washington D.C. 1974) p. 20.

³ Formerly Standard Oil of New Jersey

Symbols:

• Country or Company Represented on Trilateral Commission through members and company officers or directors

— Not in top 100 of 1970 (or Not in existence)

Table 2 World's 50 Largest Banks

Rank 1976	Bank (Holding Company)	Home Country	Assets ^a (Billion \$ US)			U.S. Banks Percentage of Foreign Earnings In Total Earnings	
			'76	'79	'70	'76	'76
1	•BankAmerica Corp.	United States	72.2	108.4	15.0 ^c	40.0	
2	•Citicorp	United States	63.1	106.4	40.0	72.0	
3	•Caisse Nationale de Credit Agricole	France	52.7				
4	•Chase Manhattan Corp.	United States	45.0	64.7	22.0	78.0	
5	•Deutsche Bank	Fed. Rep. of Germany	44.4				
6	•Credit Lyonnais	France	40.6				
7	•Groupe BNP	France	40.6				
8	•Banco do Brasil	Brazil	38.8				
9	•Dai-ichi Kangyo Bank	Japan	36.9				
10	•Societe Generale	France	36.5				
11	•Dresdner Bank	Fed. Rep. of Germany	35.9				
12	•Barclays Bank	United Kingdom	33.0				
13	•Banca Nazionale del Lavoro	Italy	32.7				
14	•Fuji Bank	Japan	32.4				
15	•Sumitomo Bank	Japan	32.4				
16	•Westdeutsche Landesbank						
	•Girozentrale	Fed. Rep. of Germany	30.9				
17	•Mitsubishi Bank	Japan	30.7				
18	•Manufacturers Hanover Corp.	United States	30.4	47.7	13.0	56.0	

U.S. Banks
Percentage of
Foreign Earnings
In Total Earnings

Assets^a
(Billion \$ US)

Rank 1976	Bank (Holding Company)	Home Country	Assets ^a (Billion \$ US)			U.S. Banks Percentage of Foreign Earnings In Total Earnings	
			'76	'79	'70	'76	'76
19	•Sanwa Bank	Japan	30.1				
20	•National Westminster Bank	United Kingdom	29.1				
21	•Royal Bank of Canada	Canada	28.6				
22	•J.P. Morgan and Co.	United States	27.9	43.5	25.0	53.0	
23	•Commerzbank	Fed. Rep. of Germany	26.8				
24	•Chemical New York Corp.	United States	26.6	39.4	10.0	44.0	
25	•Canadian Imperial Bank of Commerce	Canada	26.0				
26	•Bank of Tokyo	Japan	25.2 ^b				
27	•Bayerische Vereins Bank	Fed. Rep. of Germany	24.1				
28	•Industrial Bank of Japan	Japan	23.7 ^b				
29	•Tokai Bank	Japan	23.2				
30	•Algemene Bank Nederland	Netherlands	22.8				
31	•Mitsui Bank	Japan	22.7				
32	•Continental Illinois Corp.	United States	21.8	35.8	.2	23.0	
33	•Swiss Bank Corp.	Switzerland	21.6				
34	•Union Bank of Switzerland	Switzerland	21.6				
35	•Taiyo Kobe Bank	Japan	21.4				

Rank 1976	Bank (Holding Company)	Home Country	U.S. Banks Percentage of Foreign Earnings In Total Earnings			
			Assets ^a (Billion \$ US)	'76	'70	'76
36	Bankers Trust New York Corp.	United States	21.1			
37	Co-operative Central Raiffeisen-Boerenleenbank	Netherlands	20.8			
38	•Long-Term Credit Bank of Japan	Japan	20.6			
39	Amsterdam-Rotterdam Bank	Netherlands	20.5			
40	•Midland Bank Limited	United Kingdom	20.2			
41	•Bank of Montreal	Canada	20.1			
42	•Lloyds Bank	United Kingdom	20.1			
43	Banca Commerciale Italiana	Italy	19.9			
44	•First Chicago Corp.	United States	19.7			
45	•Western Bancorp.	United States	19.7			
46	Bayerische Hypotheken und Wechsel Bank			30.2	2.0	17.0
					na.	na.
47	•Bayerische Landesbank und Girozentrale	Fed. Rep. of Germany	19.6			
		Fed. Rep. of Germany	19.2			

Rank 1976	Bank (Holding Company)	Home Country	U.S. Banks Percentage of Foreign Earnings In Total Earnings			
			Assets ^a (Billion \$ US)	'76	'70	'76
48	Daiwa Bank	Japan				
49	Bank of Nova Scotia	Canada	18.9			
50	•Bank für Gemeinwirtschaft	Fed. Rep. of Germany	18.7			
			17.1			

•Bank represented on the Trilateral Commission through an officer and/or director

^a Assets as of 31 December, 1976. Except: Japanese figures as of 30 September; Canadian figures as of 31 October.

Assets exclude contra accounts. Currencies have been converted at the rates of exchange which were current at the time the accounts were made.

^b As of 31 March

^c Estimate

Source: Compiled from Tables III-13 and III-14, *Transnational Corporations in World Development: A Re-examination*, produced for the United Nations Commission on Transnational Corporations, 20 March 1978 (order: E/C.10/38), by the United Nations Centre on Transnational Corporations, based on *The Banker*, June 1977 and *Who Owns What in World Banking, 1976-77* (London: Financial Times, 1976); and United States Senate Foreign Relations Subcommittee on Foreign Economic Policy, *International Debt, the Banks, and U.S. Foreign Policy* (Washington D.C., 1977); and 1976 annual reports of the banks in question.

presidents, and directors of most of those corporations and banks have served on the Trilateral Commission, as indicated in the previous tables. (Consult "Who's Who" for additional companies and more detailed information.)

Corporate allegiances are based on the dictates of worldwide economic growth and profitability. Mobility is the global corporation's chief asset. The Irving Trust Company advertises proudly: "The Multinational Corporation. The Sun Never Sets on it...The profit motive has propelled it on a fantastic journey in search of new opportunities." As a multinational bank, Irving Trust's job is "making sure the sun shines brightly" on corporate investment. The global corporation is most at home in a profit haven—a place where politicians are obliging, labor is cheap and "disciplined," tax breaks and tax "holidays" (which permit a corporation to go untaxed for up to 15 years and longer) are plentiful; and there are little or no governmental regulations (as in a "free zone" which is free of taxes and regulations), an absence of competition, ready supplies of local credit, and sustained political stability. (Norman Girvan explores the global corporation and the "transnationalized economy.")

Throughout the world we repeatedly see the relation between profit return and political repression. As one commentator wrote in *Fortune* about South Africa:

South Africa has always been regarded by foreign investors as a gold mine, one of those rare and refreshing places where profits are great and problems are small. Capital is not threatened by political instability or nationalization. Labor is cheap, the market booming, the currency hard and convertible.⁸ (See article by Carolyn Brown.)

It doesn't take nationalization and revolution to make a corporation pack up and leave. If the sun should start to set in the form of higher wage bills, taxes, and other profit ceilings, then the corporation will "run away" to another corner of the globe where the "sun shines brightly." We see this pattern within the United States when corporations move South where cheap nonunion labor remains a regional attraction.

Trilateralists want corporations to be free to pursue "the true logic of the global economy" (to use Ball's words). Global corporations, explains Ball, are "the best means yet devised for utilizing world-resources according to the criterion of *profit: an objective*

the Third World (Washington D.C.: Institute for Policy Studies, Transnational Institute. 1977).

standard of efficiency."⁹ [Italics mine.] Capitalist economists continually refer to "the big tradeoff" between efficiency and equality;¹⁰ more equality means less efficiency and vice versa. The simple Law of Private Profit holds that greed motivates effort; more effort means more output; more output enhances the "common good." To stoke the fires of greed, capitalist institutions, in the words of a prominent economist, "award prizes that allow the big winners to feed their pets better than the losers can feed their children." The logic of capitalist efficiency is one of the devices by which wealth and power are increasingly centralized. Two myths help sustain this inequality: the myth of "equality of opportunity" (which keeps people believing that at least their children will have a chance at the grand prize) and the idea that if someone is not successful it is probably their own fault (blame the victim, not the system).

The real tradeoff is between equality and *inequality* of resources and opportunity. Facts speak loudly and clearly in the United States, the most "affluent" society in the world. Today one-fifth of the population would be classified as poor if not for governmental assistance. There are now 24.7 million people—about 11.6 percent of the total population—with incomes below the federal poverty level according to the U.S. Department of Commerce (that figure would more than triple if the poor *above* the federal poverty level were counted).^{*} In 1953, 1.6 percent of the adult population owned 32 percent of all privately owned wealth.¹¹ That figure has changed little in the twentieth century.^{**} The U.S. standard of living is the fifth highest in the world—not first. The United States ranks fifteenth in infant mortality and literacy among the nations of the world and even lower on other measures of social welfare.¹² The U.S. imprisons people at a higher rate (per capita) than any other country in the West except South Africa! Private profit is the standard for a system which makes a mockery of democracy and a necessity of repression, condemning people to poverty and joblessness in the U.S. and throughout the free (for corporate profit) world.

^{*}As with measures of unemployment, federal poverty indices mask the true extent of poverty in the U.S.

^{**}Looking at income distribution alone does not give a clear picture of wealth inequities. In 1972, 15.9 percent of national income went to the top 5 percent. The top fifth received 41.4 percent while the bottom fifth received only 5.4 percent (the second quintile had 11.9 percent, third quintile 17.5 percent and the fourth quintile 23.9 percent). [See June Axinn and Herman Levin, *Social Welfare: A History of the American Response to Need* (New York: Dodd, Mead & Co., 1975) p. 277; see also A.B. Atkinson, *The Economics of Inequality* (Oxford: Clarendon Press, 1975).]

Spreading the Trilateral Way

Consumption is the locomotive of profit. In 1968 *Forbes* magazine (which proudly calls itself the "Capitalist Tool") featured the views of Nabisco's president, Lee Bickmore, on shaping "one world" of homogeneous consumption. Bickmore captured the corporate dream, looking forward to the day when

Arabs and Americans, Latins and Scandinavians will be munching Ritz crackers as enthusiastically as they already drink Coke or brush their teeth with Colgate.¹³

Marketing—the art of repeatedly displacing and creating new "needs"—is the key to expanding consumption. But it is more. Marketing, like militarism, is a means of *managing social change*.* Corporations not only advertise products, they promote lifestyles: lifestyles rooted in conspicuous consumption, patterned largely after the United States.** Corporate planners hope that enthusiastic consumption—of even the cheapest goods at the poorest income levels—will be a balm for exploitation endured in the workplace, serving the dual corporate aims of stability and profitability.

It would not be possible to build a one world market without a global mass communications system. Today advertisements, network news, entertainment, and educational programs are beamed via satellite to hundreds of millions of people around the world.*** Products, tastes, and norms develop in the trilateral regions and flow outward to the rest of the world. A "world information grid" is being built, helping, writes Brzezinski, to "broaden the scope of educa-

*This phrase comes from *Managing Social Change*, an unpublished reader or corporate strategy produced by the now disbanded New Haven IBI Collective: Leah Margulies, Judy Miller, Paul Seminen, Florika Remetier, and Joan Gabos, with the assistance of Stephen Hymer.

**Coca-Cola probably is the one product most symbolic and symptomatic of the American way of life, is going to China." So began a *New York Times* article (20 December 1978) on Coca-Cola's immediate plans for the Chinese market of "900 Million Potential Drinkers," closed since the revolution of 1949. Equally to the point, *Time* magazine began its feature story on normalization of U.S.—Chinese relations (15 January 1979, p. 34) with the comment: "Peking last week celebrated the advent of Sino-American relations with soda pop, champagne toasts, demands for free speech and free sex, and a binge of disco dancing—most of which, as the Chinese have been quick to learn, goes better with Coke."

***As early as 1968 the CBS *Annual Report* stated: "the CBS Newfilm Service, using satellite delivery for major stores, expanded its penetration to 95% of the free world's [sic] television homes." The products and services of RCA [parent of NBC] are available in [at least] 143 countries—from Kenya to Saudi Arabia, Argentina to Yugoslavia, West Germany to the Philippines. See Herbert Schiller, *Communications and Cultural Domination* (New York: International Arts and Sciences Press, 1976) pp. 4 and 10.

tional-scientific and economic technological cooperation among the most advanced industrial nations that are becoming post-industrial and are in some regards moving into the *post-national age*."¹⁴ [italics mine.]

Trilateralists look forward to a pseudo postnational age in which social, economic, and political values originating in the trilateral regions are transformed into universal values. Expanding networks of like-minded government officials, businessmen, and technocrats*—elite products of Western education—are to carry out national and international policy formation. Functionally specific institutions with "more technical focus, and *lesser public awareness*"¹⁵ [italics mine] are best suited for addressing international issues in the trilateral model. Trilateralists call this decision making process "piecemeal functionalism."¹⁶ No comprehensive blueprints would be proposed and debated, but bit by bit the overall trilateral design would take shape. Its "functional" components are to be adopted in more or less piecemeal fashion, lessening the chance people will grasp the overall scheme and organize resistance.

Piecemeal functionalism is part of the Trilateral Commission's "broad global strategy for the management of interdependence." Trilateralists speak of "interdependence" in trade of vital commodities such as oil and food; in finance and technology; in communications and transport; in ecology; in social expectations; and in the threat of nuclear holocaust. The global strategy is set forth in the report seen by the Commission as the culmination of its first three years of work: *Toward a Renovated International System*. Commissioners argue that in today's "increasingly complex world, problems multiply at a rate for which man's outlook, habits, and decision making processes are not prepared."¹⁷ Trilateralists have volunteered themselves to take the lead in "coping with pressing problems and shaping emerging conditions" with the aim of scientifically managing interdependence ostensibly in the common interest. In actuality, trilateralists are proposing a strategy for the management of *dependence*.

*A technocrat is a technician or specialist (scientist, economist, political scientist, engineer, computer analyst, etc.). Daniel Bell writes, "In the technocratic mode, the ends have become simply efficiency and output," (in Daniel Bell, *The Coming of Post-Industrial Society*, New York, Basic Books, 1973, p. 354) A *technocracy* may be defined as "the theory or doctrine of a proposed system of government in which all economic resources, and hence the entire social system, would be controlled by scientists and engineers." (Webster New World Dictionary, 1970.)

Trilateralism promises a pseudotechnocracy, where technocrats would serve the owner/managers of the global corporations. Profit would remain the force behind efficiency although it would be cloaked in the rhetoric of increasing productivity and enhancing the social welfare.

The managers of dependence would be the *Transnational Elite* which Brzezinski describes as being "composed of international businessmen, scholars, professional men, and public officials. The ties of these new elites cut across national traditions and their interests are more functional than national."¹⁸

At the international level, trilateral leaders would be responsible for *rule-making*, i.e., "establishing frameworks of rules, standards, and procedures." Elites from other countries would be increasingly incorporated into *management*, i.e., making "operating decisions—within the rules." "Such rule-making constrains operating decisions in such a way that national decisions aggregate into a consistent and beneficial whole rather than working at cross-purposes."¹⁹ "By the period 1985-90," predicts one observer, "countries like Mexico, Brazil, India, Iran [sic], and Saudi Arabia will probably have joined the 'advanced nation club' for a number of functions of that club."²⁰ Other so-called "new influentials" include Nigeria, Venezuela, and Indonesia. Rhetorically Commissioners claim that trilateral states do "not set out to remake the world in their own image." Nonetheless, they pose this revealing "long run view of what is desirable" in the international order:

...building an international system that is pluralistic enough to permit cultivation of the values of trilateral countries in all those countries that choose to cultivate them. [Italics mine.]²¹

In reality trilateral leaders hope to give countries little choice in the matter; "Cultivation" is a poor euphemism for imperialism. About Western imperialism Brzezinski observes:

To be sure, the fact that in the aftermath of World War II a number of nations were directly dependent on the United States in matters of security, politics, and economics created a system that in many respects including that of scale, superficially resembled the British, Roman, and Chinese empires of the past...

...The 'empire' was at most an informal system marked by the pretense of equality and non-interference... By the late 1960s the earlier direct political/military dependence on the U.S. had declined (often in spite of political efforts by the U.S. to maintain it). Its place has been filled by the pervasive but less tangible influence of American economic presence and innovation... It works through the *interpenetration* of economic institutions, the sympathetic harmony of political leaders and parties, the shared concepts of sophisticated intellectuals, the mating of bureaucratic interests... [Italics mine.]*²²

*Carrying his line of thinking further Brzezinski writes: "It is the novelty of America's relationship with the world—complex, intimate, and porous—that the

Brzezinski is right in stressing the economic/cultural side of imperialism, but wrong in implying that it displaces militarism. This is as much pretense as the admitted "pretense of equality and non-interference." The "American economic presence" is quite tangible and it occurs in the context of cultural, political, and military imperialism. By "interpenetration" Brzezinski means penetration of the weaker by the dominant system. (If "imperialism" didn't have such negative connotations, trilateralists would probably start using the term "interimperialism").

Countries are continually bombarded with images of the fantasy American Dream. In countless ways the message of the dominant system penetrates: the Western Way is the good way, national culture is inferior. This is the meaning of cultural penetration or cultural imperialism. Mass advertising, Voice of America radio, educational sponsorships are all designed to shape tastes, beliefs, practices, and aspirations in the image of the West.* Foreign economic and military aid are less subtle means of influencing other countries. Presidents like Harry Truman and John Kennedy have applauded the value of foreign aid in molding development to suit the needs of Western business (e.g. Truman's Point 4 Program and Kennedy's Alliance for Progress).** Military leaders have long been indoctrinated in Western

more orthodox, especially Marxist, analyses of imperialism fail to encompass." Like all imperialists, Brzezinski purports to know imperialism best. Karl Marx himself understood quite well "the complex, intimate, and porous nature of imperialism" but it was not in his class interest—as it is in Brzezinski's—to pretend that this "intimacy" is invited and not forced.

*The success of corporate promotion of infant formula is a cruel example of cultural imperialism. Companies use a variety of approaches to get Third World mothers to switch from breast-feeding to bottle-feeding of their newborn babies. "The smiling white babies pictured on the front of formula tins can lead her to think that rich white mothers feed their baby this product and therefore it must be better." The same message is broadcast over radio and painted on billboards. Companies court hospital personnel, give out free samples, send "milk nurses" to visit the mother in the hospital and at home; all to get the baby and mother hooked on infant formula from the start. "Poverty, inadequate medical care, and unsanitary conditions make bottle feeding, to quote a government nurse in Peru, 'poison' for babies..." See Leah Margulies, "A Critical Essay on the Role of Promotion in Bottle Feeding," *PAG* [Protein-Calorie Advisory Group of the United Nations] *Bulletin*, September-December 1978.

Fortune brings home the point about education in this comment about Saudi Arabia: "the ministers and second-level bureaucrats who run the country are mostly products of Western education—one wag has called them the 'California Mafia' because so many of them attended universities in that state." (31 July 1978).

**As Loring Waggoner of the U.S. Agency for International Development put it, "We are first trying to create some Joneses and then get somebody to keep up with them. From 'Goal in Laos: Creating Joneses to Keep Up With,' *New York Times*, 22 February 1966; cited in *Managing Social Change*, op.cit.

capitalist values and trained in the methods of law and order and counterinsurgency at schools in the Panama Canal Zone and colleges like West Point (deposed Nicaraguan dictator Somoza attended West Point; as children he and his brother went to Lasalle Military Academy on Long Island).

If the sun never sets on the global corporation then neither must it be shadowed by national sovereignty and democratic popular control. "Peacefully working to conquer the world" is how Singer Sewing Machine Company has described its marketing strategy. But societies are not conquered and reconquered with products alone. Global corporations seem to be eclipsing the sovereignty of nations, big and small. Yet these new corporate empires depend on the political, economic, and repressive power commanded by the ruling class of the nation-state to maintain a "favorable investment climate."* Western governments, particularly the U.S., train and supply the military and police of other countries to keep the "sympathetic political leaders" Brzezinski described in power and suppress working class movements. When governments turn unfriendly the West attempts to discipline them if possible, depose them if necessary, preferably through economic and political maneuvers. Often in action, always standing by, are the military and covert action forces of the United States, France, and a host of junior forces: Morocco, Saudia Arabia, Israel, and so on. (See article on U.S. militarism by Klare et al.) In the following section we will look more closely at how the Trilateral Way is imposed on the Third World.

Managing Third World Dependence: Revitalizing Imperialism

Trilateralists have always known that "issues related to economics are at the heart of modern politics" and they are determined to consolidate a *world economy* in which all national economies beat to the rhythm of transnational corporate capitalism (all hearts leaping at the sight of corporate products and all minds thinking in the language of technocrats). Trilateral elites hope to guarantee a stable supply of raw materials, cheap labor, and an expanding market place for global corporations by strengthening the bonds which keep Third World "development" (read "underdevelopment") defined by and dependent upon the expansion of the leading capitalist economies.

The Third World calls for a New International Economic Order

*In the film *Controlling Interest* (a vivid portrayal of multinational corporations and their impact in the U.S. and abroad, produced by California Newsreel), George Ball explains in an interview that government helps business by keeping "economy free of obstructions."

(NIEO) to redress structural inequities and protect national economic (and political) sovereignty. The Commission is attempting to substitute a "Renovated International Economic System" renovated by and for Trilateral Inc. Christopher Makins (then deputy director of the Commission) calls this "gradualist or reformist approach" to international change the "middle way between the rock of conservatism and the whirlpool of revolution." He cautions those who advocate "profound economic, social, and political changes":

too extreme measures could have a self-defeating effect by threatening to throttle the goose which can lay the golden eggs of growth.²³

The trilateral goal is to reorient efforts to *redistribute* global resources into promotion of a so-called "new order for mutual gain" (a concept elaborated by Richard Cooper, undersecretary of state for economic affairs, among others).²⁴ This would be nothing more than the old order for trilateral gain thinly disguised by a few flourishes of affirmative action for Third World elites and whatever "trickle-down" effects an expanding world economy could afford. As always the rich in the rich and poor countries will get richer at the expense of the poor in all countries.

Largely in response to OPEC's early success, trilateral economist C. Fred Bergsten (Carter's assistant secretary of the treasury) illustrated the implications of Third World leverage over indigenous resources. He recommended that the United States respond to this "threat from the Third World" not with continued "confrontation and hostility" but "within a framework of generally cooperative relations."²⁵ (Norman Girvan analyzes the meaning of economic nationalism for the West and Third World peoples in "Economic Nationalists vs. Multinational Corporations: Revolutionary or Evolutionary Change?") The West had first attempted to split OPEC solidarity—without success. In 1975, Tom Farer (then serving as special assistant to the assistant secretary of state for InterAmerican Affairs) explained how a "strategy for accommodation" is analogous to the strategy used to diffuse class conflict in the industrialized West in the early twentieth century:

In the years of bitter class conflict between capital and labor, before the ameliorations and compromises of the welfare state, many advocates of a hard line against the demands of labor invoked the alleged insatiability of those demands in support of a confrontational strategy...Nothing is better calculated to promote miscalculation than the pretense that the equilibrium of power has not shifted, that we can continue to dictate to the Third World on the terms which sufficed in the epoch of the Western imperium.²⁶

Looking to the lessons of the past and faced with a volatile future, trilateralists seek new terms upon which to dictate to the Third World. (See article by Philip Wheaton for trilateralism's proposed terms for the Caribbean.) In discussing attitudes behind the rise of the modern welfare state—the terms upon which capital continues to dictate to labor—Commissioners observe that they are rooted “in ethical and philosophical values of the West as well as in *enlightened self-interest*, since *a minimum of social justice and reform will be necessary for stability in the long run*.” [Italics mine.]²⁷

Accordingly, Commissioners describe the major tasks of their “strategy for the management of interdependence” as: “keeping the peace, managing the world economy, satisfying the basic human needs, and protecting human rights.”²⁸ Regarding “basic human needs,” Commissioners write:

The alleviation of poverty is a demand of the basic principles of the West as well as simple *self-interest*. In the long run an *orderly world* is unlikely if great affluence in one part coexists with abject poverty in another while “*one world*” of communication, of mutual concern, and interdependence comes into being.” [Italics mine.]²⁹

The regimes of countries which the Trilateral Commission calls “International Middle Class countries” or “new influentials” (mentioned above) are to be co-opted with an increased role and stake in international management and split from the ranks of Third World countries.³⁰ (See Kai Bird “Coopting the Third World Elites: Trilateralism and Saudi Arabia.”)

In this trilateral scheme of divide and rule, the poorest countries (or “Fourth World”*) are to be pacified with a basic human needs approach. Symbolic minimal welfare programs would be administered through Western-dominated agencies such as the World Bank in accordance with a world development budget. Needless to say the terms of development would be dictated along lines which serve the global corporation in promoting an orderly world economy.

Corporate controlled economic growth operates according to the “Law of Uneven Development”—“the tendency of the system to

*The Trilateral Commission classifies as “Fourth World” those “resource-poor, low-income developing countries that lack large foreign exchange reserves, buoyant export prospects, or the ability to service credit on commercial or near-commercial terms.” It “includes some 30 countries with nearly 1 billion people, among them India, Pakistan, Bangladesh, some tropical African countries, and a few countries in Latin America.” In the “Third World” category “are countries like Mexico, Brazil, Turkey and Malaysia, which enjoy substantial foreign exchange reserves, high prices for their exports or ready access to capital markets.” See *A Turning Point in North South Economic Relations* (Trilateral Commission, 1974), p. 13.

produce poverty as well as wealth, underdevelopment as well as development.”³¹ The gap between rich and poor countries widens. Workers and peasants grow increasingly impoverished as national income rises and a narrow strata at the top is enriched. Commissioners themselves admit (outside their classrooms and corporate PR activities): “meeting basic human needs is not necessarily the same as fostering economic development”; “a great deal of our past thinking on economic development has failed to put human beings in the center of transitional strategies”; and “rising per capita GNP figures may well obscure increasing misery within the state in question.” Nonetheless, they promise more of the same, declaring: “countries that want economic development would be well-advised to welcome foreign firms on *appropriate terms*”³² (i.e., terms appropriate and profitable for the corporations).

In discussing the goal of alleviating poverty, trilateralists conclude: “we do not have the human resources to eliminate poverty within the immediately foreseeable future; but we can contribute toward that end over a longer period of time.” What they mean is that without steps to redistribute existing wealth and to reallocate the means of producing wealth, poverty and hunger are here to stay. (Dahlia Rudavsky analyzes the Commission's plans to cultivate more food for profit while perpetuating poverty.)

Trilateralists correctly note that “for the weaker developing countries, interdependence appears as a system of dependence...As they see it their entire economy and external trade have been shaped according to priorities defined by stronger industrialized states and not by their own needs.”³³ They fear that “the idea of greater self-reliance, which is, in fact, an indispensable goal of development policy, could degenerate into a rejection of an integrated world economy if present trends continue.”³⁴ In 1975, Brzezinski warned:

...today we find the international scene dominated on its overt plane more by conflict between the advanced world and the developing world than by conflict between trilateral democracies and the communist states...*the new aspirations of the Third and Fourth Worlds united together seems to me to pose a very major threat to the nature of the international system and ultimately to our own societies. That threat is the threat of denial of cooperation.*³⁵ [Italics mine.]

How do the trilateral powers keep Third World states “cooperative?” In the wake of World War II, old-style colonialism gave way to neocolonialism. The neocolonial state has formal political independence but “in reality its economic system and thus its political policy is directed from outside.”³⁶ Instead of a single colonial master, the neocolonial state may have many new masters: Western governments

(especially the U.S.), the International Monetary Fund, banking consortiums, global corporations. Western powers have intervened repeatedly to sabotage and smash governments which challenged the tightly woven fabric of dependency: Iran, 1953; Guatemala, 1954; the Congo (now Zaire), 1960; Brazil, 1964; Dominican Republic and Indonesia, 1965; Bolivia, 1970-71; Chile, 1973. (The 1961 Bay of Pigs invasion of Cuba, orchestrated by the CIA and top government and military officials with President Kennedy's approval, was defeated.)

Debt dependency is one of the neocolonial leashes around a Third World country's neck. The leash is let out to allow Western-directed development projects to gallop ahead—returning enormous profits to foreign corporations and banks. Or, the debt leash can be pulled in tight—as part of an economic and political *destabilization* campaign—to strangle a rebellious nation into submission.

Destabilization is the dominant system's "cure" for any government which threatens the economic freedom of international business as it becomes "more" responsive to the needs of its people. And the global doctors know just how painful their cure can be; it kills the body to save the cancer. The overthrow of Chile's democratically elected government is a case in point.*

*From a memo to Chilean President Frei, September 1970, in *Controlling Interest*. The case of Chile's destabilization following Salvador Allende's presidential victory is well documented. Nixon, Kissinger, and CIA director Richard Helms succeeded in their efforts to "make the economy scream" by orchestrating an economic blockade of the country—cutting off U.S. aid and all lines of international public and private bank finance and orchestrating economic and political sabotage within the country. Military assistance, however, was increased in order to encourage and enable the army to overthrow Allende's government and smash Chilean democracy to bring back "economic freedom."

More than 30,000 people were killed, including President Allende, resisting the military coup of September 11, 1973. Since then, over 2,000 people have "disappeared" and most are presumed dead. More than 100,000 people have been jailed for political reasons; torture is commonplace. Thousands of people have been forced to flee into exile.

Today hunger and starvation have replaced the community-based nutrition and food programs of the Allende government. Out of a sample of 19,000 children in a Church-sponsored study two-thirds were found to be malnourished in 1976. Infant mortality, reduced during the Allende years, jumped 18 percent during the first year of military rule. Before the coup unemployment had been reduced to 3.1 percent. By 1976 about one-fourth of the population had no income. A 1976 IMF study reveals the extent of income redistribution—from the poor to the rich—since the coup. In 1972, 63 percent of the total national income went to wage and salaried workers while property owners received 37 percent in the form of profits, dividends, and rent. By 1974, 62 percent went to the propertied sector and labor's share was cut to 38 percent. See for example: Orlando Letellier, "Chile: Economic 'Freedom' and Political Repression," a joint publication by *Race & Class/The Transnational Institute/Spokesman* pamphlets, 1976 and Michael Moffitt, "Chicago Economics in Chile," *Challenge*, September-October 1977, reprinted by the Transnational Institute.

Three years before the coup U.S. Ambassador Korry communicated Washington's sinister promise:

Not a nut or bolt shall reach Chile under Allende. Once Allende comes to power we shall do all within our power to condemn Chile and all Chileans to utmost deprivation and poverty...*

Events in Jamaica in the late 1970s reveal a newer brand of debt diplomacy—its more insidious style is preferred by trilateralists over the Chilean coup scenario. Even more than before, the International Monetary Fund acts as chief ambassador of Western capitalism in the art of debt diplomacy. The IMF is not the world's biggest loanshark, but it is the most important; the IMF "good housekeeping seal" is the green light for lending by banks, government agencies, and other international financial institutions like the World Bank. The U.S. and other trilateral countries control the IMF. (See article by James Phillips.)

The IMF program of economic stabilization spells austerity for the mass of the population. Measures are designed to entice foreign investment: so-called "luxury" social welfare programs like food and education subsidies are dismantled; wages are kept down. Harsh repression is often needed to carry out a forced cut in already meager living standards and redirect resources to the export business sector (the key sector for economic health in the IMF's view) which is largely foreign owned and controlled. Not surprisingly, the Commission has recommended a strengthening and expansion of the IMF's role in monitoring the international monetary system and managing "interdependence." As Franz Hinkelammert points out: "The Trilateral countries see 'interdependence' as a weapon in this conflict [between Western capitalism and the people of the Third World] and the use of this weapon is called destabilization."⁷

The "Human Rights" Strategy

When it comes to protecting human rights, Carter has launched the so-called Human Rights Campaign and committed the United States to "shaping a world order" that is "just," "peaceful," and "more responsive to human aspirations." The Commission uses this same rhetoric for the same purpose: it is a moral mask on the face of trilateralism with its goal of "shaping a world order" that remains responsive to corporate aspirations.* Trilateral states do not piously

*High sounding slogans like "making the world safe for democracy" have become familiar refrains in drowning out the true battle cry of U.S. interventionism. In 1961, for example, President Kennedy launched the "Alliance for Progress" in Latin America closely on the heels of the 1959 Cuban Revolution (which Kennedy

practice the human rights they preach—either inside or outside their borders.* Indeed, repression and counterinsurgency are the glue for the trilateral mask of reform.

Placing the Carter Human Rights Campaign in its proper historical context, James Petras observes:

Morality is the recurring ideological expression of U.S. imperialism in a period of crisis: it is what is offered to the world in place of substantive changes in the world's economic and social order.³⁸

When *substantive* change does occur it reflects a *failure* of the human rights policy, not a success. No case illustrates this more clearly than long-time Western support of the Shah's regime in Iran and its 1978-79 overthrow by the Iranian people. The Shah's regime received more U.S. military equipment than any other country in the world and was an economic bonanza for global corporations. With Saudi Arabia, the Shah's regime was to provide stability in the Middle East and moderation in OPEC policies, securing oil for the trilateral regions.**

Trilateralists caution that "in *many cases*, the support for human rights will have to be balanced against other important goals of world order."³⁹ [Italics mine.] They use detente with the Soviet Union as an example of where balance is needed. But the cases of countries like Iran, Nicaragua, South Korea, the Philippines, and South Africa are far more telling. Henry Kissinger bluntly explains the lesson to be

unsuccessfully tried to smash in 1961 with the CIA-led Bay of Pigs invasion). Stepped-up counterinsurgency assistance was coupled with mounting aid for economic development. The goal was to prevent "another Cuba" by defusing revolutionary potential where possible, crushing revolutionary movements where necessary.

*Remember the outcry when then U.N. Ambassador Andrew Young—one of the most candid and "enlightened" trilateralists—commented: "After all, in our prisons too, there are hundreds, perhaps even thousands of people who I would call political prisoners." He and we were reminded that "Human Rights" are a propaganda tool, being used then—at the time of the Soviet dissident trials (the U.S. press provided front page dramatizations)—as a Cold War weapon.

**When the Shah visited Washington D.C. in 1977, Carter toasted: "if ever there was a country which has blossomed forth under enlightened leadership, it would be the ancient empire of Persia which is now the great country of Iran" (with a little unmentioned help from the CIA which deposed the nationalist Prime Minister Mosaddegh in 1953, brought the Shah back into power and then supported him until the final hour). The backdrop to the Shah's visit was a battle between anti-Shah and pro-Shah demonstrators; when tear gas drifted into the welcoming ceremonies, Carter apologized for the "temporary air pollution." *Washington Post* headlines begin to tell the story: "Human Rights on the Eclipse," "Iran Shifts Stand, Will Try to Keep Oil Prices Down," "Shah heads for U.S. with Arms List," "Helms as Consultant: Former Ambassador [and former CIA head] will be Go-between for Iranian Firms."

drawn from events leading to the overthrow of the Shah:

The fundamental challenge of a revolution is this: *certainly wise governments forestall revolutions by making timely concessions*; indeed the very wisest governments do not consider adaptations as concessions, but rather as part of a natural process of increasing popular support. However, *once a revolution has occurred, the preeminent requirement is the restoration of authority*. These concessions, which had they been taken a year earlier might have avoided the situation, accelerated the process of disintegration...[Italics mine.]⁴⁰

Trilateral economics dictate unceasing exploitation. Still trilateralists rhetorically claim "a basic human solidarity with the oppressed." The lesson we must draw from events in Iran and around the globe is that human rights trilateral style is a move played in the game of world politics. It is never played "in solidarity with the oppressed" but only by and for the oppressor.

Keeping this point in mind, we see that two seemingly contradictory strategies are employed by trilateralists toward the same end: to keep conservative pro-Western Third World elites from being supplanted by progressive forces. First, there is maintenance of police states, or national security states as they are commonly known in Latin America, wherever they can remain stable and serve the needs of Western capitalism. Many of these regimes have served an increasingly important function as regional police and subimperialists under guidelines set forth in the Nixon Doctrine (explained in the article by Klare et al.).

Second, there is encouragement of "democratization" or "liberalization," as the Carter administration calls it. The goal is to transform client dictatorships into pro-Western subordinate forms of limited capitalist democracies (sometimes referred to as "new democracy" or "viable democracy").*

Liberalization is not a gift of the international ruling class. It comes of necessity when the revolutionary potential of the population is mounting under the unceasing repression and poverty of the police state; it entails the concessions Kissinger spoke of regarding Iran. Or it comes of necessity when local businessmen and landowners are closed out of wealth accumulation shared only with privileged foreign corporations. Often the ruling clique has a stranglehold on the economy (such as the Somoza family did in

*Arturo Sist and Gregorio Iriarte of the Bolivian Permanent Assembly for Human Rights wrote one of the earliest critical analyses of Carter's Human Rights Campaign and the transformation of National Security States to limited democracies (September 1977, La Paz, Bolivia). See the bibliography for references.

Nicaragua). If there is too much graft and patronage (and too much money leaving the country for Swiss bank accounts and foreign property) stymying the growth of the middle class and stunting economic development, then pressure mounts within the capitalist class and middle strata for a civilian government.

Democratization trilateral style requires the existence of a moderate alternative to military dictatorship, such as Antonio Guzman in the Dominican Republic (see article by Lisa Wheaton on events in the Dominican Republic). The moderate platform promises greater political freedom for the population while encouraging an expanding middle sector of entrepreneurs and consumers within a capitalist economy. By curbing the practices of arbitrary imprisonment, murder, exile, torture, and blanket censorship—focusing repression on the “extremists”—capitalists hope to defuse the popular struggle for universal economic and social rights (employment, food, housing, health, education) and true political participation. These rights go beyond what trilateralists see as the “minimum of social justice and reform” necessary for stability (and expanding markets) to directly threaten trilateral neoimperialism.

When liberation forces are strong, with widespread popular support, democratization has no chance of success. Witness the failure of the U.S. attempt to install the Bakhtiar regime in Iran or impose a conservative coalition government in Nicaragua (as the Sandinista-led victory drew near). In both cases, Washington was surprised when the people proved powerful enough to overthrow their respective dictatorships. Washington was again surprised when the people refused to hand their country back to U.S. caretakers. The trilateral strategy of democratization is a strategy of co-optation. It has a chance of success when power lies with the reformist elements in society, but not in the face of a broad-based revolutionary movement.

East-West Relations: Rehabilitating the “Dropouts”

The corporate one world economy must also include the Soviet Union, Eastern Europe, and China. Trilateralists want to see these regions they call dropouts return to the school of Western capitalism—at least for training in how to conduct international relations, if not domestic affairs as well.

U.S. recognition of the People's Republic of China in 1979, thirty years after its establishment, removed a roadblock to trilateral relations with China, as does normalization of relations between Japan and China, and Japan's friendship treaty with Russia. Recent business deals offer a glimpse of the enormous economic bonanza global corporations see in China's drive to modernize. China is not

perceived as particularly threatening to the West so long as it remains on unfriendly terms with the USSR (it is assumed that China will be a regional power, not a world power, at least through the 1980s). The 1978 report, *An Overview of East-West Relations*, states: “The present degree of Sino-Soviet hostility...tends to benefit the West; and the West should help to ensure that the present situation continues to be worthwhile for China. In particular, it is clearly in the interest of the West to grant China favorable conditions in economic relations.”⁴¹ The question for trilateralism is how best to play the so-called China Card in the continuing East-West conflict between the U.S. and the USSR. As trilateralists see it, the East-West conflict “combines the features of a power competition between the two superpowers of our time, and of an ideological conflict between rival political, economic and social systems based on fundamentally different values.”⁴² Trilateralists say to the Soviet Union: you can't beat the U.S.—especially in economic and ideological warfare—so why not join it. The hope is that the USSR will join the “Community of the Developed Nations” in defending the global interests of the industrialized rich countries against those of the Third World.

Trilateralists uphold the principles of both detente and deterrence. Within the Trilateral Commission there is disagreement over how warm should be the initiatives of detente, how powerful must be nuclear and conventional deterrence, and how much to link progress in one area to progress in the other.

The 1977 trilateral report, *Collaboration with Communist Countries in Managing Global Problems*, is optimistic about the prospect of widening cooperation with the USSR (and China) while winding down the arms race.⁴³ It explores opportunities for cooperative management on international problems: food, energy, the oceans, space, weather, earthquake warning, development aid, trade policy, and nonproliferation of nuclear weapons.

In contrast, the 1978 trilateral report (mentioned above) airs the views of the “hard line.” It stresses the conflictual relationship between the Soviet Union and the West, arguing that detente is not the path to ending Soviet-U.S. rivalry but represents “necessary and useful efforts to limit the forms and range, the risks and burdens of a continuing conflict by negotiation and partial cooperation.”⁴⁴ This report urges that the West make a concerted effort to shape Soviet (and Chinese) policies while containing Soviet economic and military power:

*China has been granted “most favored nation” trade status, which the USSR has long been denied. The most favored national principle stipulated that any trading concessions between any two countries must be granted (on an equal basis) to all countries which are part of the most favored nation trading agreement.

A stable world order is not a realistic objective for the West in a fundamentally unstable world. The only kind of peaceful world order that we can realistically envisage is one of *maximum flexibility for peaceful change*. As a *Basic Guideline* for its long-term relationship with Communist powers, *the West should seek to influence the natural processes of change worldwide in a direction that is favorable to its fundamental values*. This does not mean seeking a breakdown of the Communist regimes; but rather, given the difficult economic and political choices which keep facing them, particularly at a time of impending generation change in the Soviet Union, seeking to *influence the kind of choices that are possible and necessary within their given structure*. Through negotiations, in the framework of detente, on the limitation of armaments and of international violence, on terms for economic cooperation and communication across frontiers, *the West can shape the alternatives facing its negotiating partners in such a way as to make some choices more rewarding to them than others*. [Italics mine.]⁴⁵

An evenhanded policy toward the Soviet Union and China is in the trilateralists' best trading interest; but pressure for a hardhanded approach to the USSR has intensified in 1979 and 1980 (inside and outside the Commission). A centerpiece of the uneven approach to China and the USSR is growing U.S. military collaboration with the Chinese against a perceived Soviet threat: Pakistan (bordering Afghanistan), Thailand (bordering Cambodia), a U.S. green light for the Chinese invasion of Vietnam in early 1979. U.S. leaders continue to see the world divided into Soviet and U.S.-dominated "spheres of influence." While some trilateralists, like former UN Ambassador Andrew Young, oppose this view, most insist upon seeing all national liberation forces as Soviet pawns (or as pawns of Cuba which is painted as a Soviet proxy). The West continues to raise the specter of the Soviet bear whenever it feels that the U.S./Western sphere of influence is threatened: Zaire, Zimbabwe (Rhodesia), Nicaragua, Iran. (These issues will be discussed more extensively in the conclusion to this volume.)

Nonetheless, trilateralists are confident they can win the ideological and economic "competition" with the Soviet Union. They believe that the Soviet economy is declining and will reach a crisis state in the 1980s. More importantly, they believe that any country—whatever its economic system—will want Western products and technology (both Young and Brzezinski are vigorous proponents of this view). A recurring theme in business literature is that in trading with the West the elites of other countries will come to think like the West and act to shape their country in the West's image.*

**Fortune* described this "risk of infection" in an article about the Soviet Union

The meaning of detente for trilateralism is necessarily contradictory. The aim is to provide "maximum flexibility for peaceful change" favorable to Western capitalism. This means that moves will be made to relate more predictably and profitably with the Soviet Union and China. At the same time the U.S. will continue to press the arms race, maximizing the forms, range, and risk of nuclear annihilation. (Besides Klare et al., also see Wolfe's article in Part VIII for discussion of the domestic pressures on U.S. policy toward the Soviet Union.)

Managing Western Democracy: Limited Democracy is "Governable Democracy"

Trilateralists are not only concerned with managing international events. They are determined to manage North American, West European, and Japanese democracy, fitting these societies ever more closely to the needs of global capitalism.

During the 1960s and 1970s ruling elites in the United States—and throughout the West—were challenged with militant protest from a wide cross-section of the public: workers, Native Americans, Blacks, women, poor people, students, Chicanos, Asian Americans, gays, environmentalists. The antiwar movement shook the bipartisan foreign policy consensus which was grounded in the Cold War and U.S. supremacy. Pressure mounted for a more equitable and democratic political, economic, and social system.

Protest was nonviolent and violent, organized and spontaneous, short-lived and enduring. Hundreds of thousands of people marched on Washington, a wave of riots hit major cities and universities were shut down. The ruling class response was often brutal. Protestors were beaten and jailed, leaders were murdered. Students, white and Black, were shot down at Kent State and Jackson State. Police brutality was widespread, especially in minority communities. The FBI escalated its counterintelligence program (COINTELPRO) against Black, Native American, and Puerto Rican liberation struggles; the New Left; the antiwar movement; and the Women's

entitled, "This Communist Internationale has a Capitalist Accent": "...an export sector would be linked to the economic and political world beyond the Soviet Union's closely guarded borders. The increased number of executives and managers assigned to it would of necessity spend long stretches of time living and working in the West, just as a carefully selected few do now. They would wheel and deal with Western businessmen, they would socialize with them, they would dress like them, talk like them, and inevitably some would start to think like them. The possibility of ideological infection from prolonged contact with the "Free World" has always terrorized Soviet leaders. It still does, and in the end, they may be unwilling to risk the political hazards of trade." See Herbert E. Meyer, "This Communist Internationale Has a Capitalist Accent," *Fortune* (February 1977), p. 148.

movement. The CIA carried out a covert action campaign within the U.S. and abroad against U.S. citizens assumed to be involved in antiwar activity known as Operation MHCHAOS (MH standing for matters related to internal U.S. security and CHAOS signifying its goal of infiltrating and destroying antiwar groups).

In 1975 the Trilateral Commission released its book-length study, *The Crisis of Democracy: Report on the Governability of Democracies to the Trilateral Commission*. Noam Chomsky best summarizes the theme: "Trilateral's RX for Crisis: Governability Yes, Democracy NO."^{46*}

The 1960s are the point of departure for the trilateral analysis. Samuel Huntington, author of the chapter on the United States, describes this period as the "decade of democratic surge and of the reassertion of democratic egalitarianism."^{47*} What must follow, as the trilateralists see it, is the reassertion of elite rule and decades of public apathy. Thus, domestic items on the trilateral agenda include: reducing the expectations of the poor and middle class, increasing presidential authority, strengthening business-government cooperation in economic planning, stricter press self-regulation and government oversight, and pacification of rank and file labor.

**The Crisis of Democracy* contains sections on the United States, Western Europe and Japan with a joint introduction and conclusion followed by an important appendix. The appendix reviews the discussions of the Task Force Report at the plenary meeting in Kyoto, Japan in 1975 and outlines "Arenas for Action" which contain specific recommendations prepared as points of departure for the Kyoto discussion. The book was published in 1975 by New York University Press.

The Commission has attempted to put some distance between itself and the controversial *Crisis of Democracy* study; differing views were aired in *Dialogue* (Fall 1976). There are no disclaimers in its *Annual Reports* however. The 1975-76 report, for example, highlights the study, noting "Prime Minister Miki has given special attention to this report, and the Japanese office reports that 'governability' is becoming household jargon." In *Dialogue* (Spring 1976), co-author Huntington illustrates the report's importance, notably, "in lowering public expectations of what governments can achieve."

**Samuel Huntington is a Harvard professor who has had a role in confronting crises of democracy before. He was the architect of the program of "forced urbanization" (through bombing, burning, and strafing rural areas) designed to undercut the support base for the liberation forces during the Vietnam War. He resigned his post on the National Security Council (NSC) in August 1978 to become director of Harvard's Center for International Affairs. About Huntington's resignation, journalist Jim Hoagland writes: "Coming here on the campus-capital-campus shuttle that helped spawn Vietnam, Huntington was an acknowledged expert on military forces, structure and warfare. He leaves as an outspoken advocate of 'economic diplomacy' to force the Soviets to behave themselves." Following Huntington's recommendations, the NSC has been brought into the process of reviewing applications for sale of technology to the Soviet Union (*Washington Post*).

Below we will review key themes in the trilateral diagnosis and prescription for the crisis of democracy, when "the spirit of protest, the spirit of equality, the impulse to expose inequities were abroad in the land."

Diagnosis

"Truman had been able to govern the country with the cooperation of a relatively small number of Wall Street lawyers and bankers."^{47*} Huntington concludes (regretfully) this was no longer possible by the late sixties. Why not? Presidential authority was eroded. There was a broad reappraisal of governmental action and "morality" in the post-Vietnam/post-Watergate era among political leaders who, like the general public, openly questioned "the legitimacy of hierarchy, coercion, discipline, secrecy, and deception—all of which are, in some measure," according to Huntington, "inescapable attributes of the process of government."⁴⁸ Congressional power became more decentralized and party allegiances to the administration weakened. Traditional forms of public and private authority were undermined as "people no longer felt the same compulsion to obey those whom they had previously considered superior to themselves in age, rank, status, expertise, character, or talents."⁴⁹

Throughout the sixties and into the seventies, too many people participated too much:

Previously passive or unorganized groups in the population, blacks, Indians, Chicanos, white ethnic groups, students, and women now embarked on concerted efforts to establish their claims to opportunities, positions, rewards, and privileges, *which they had not considered themselves entitled [sic] before.*⁵⁰ [Italics mine.]

Against their will, these "groups"—the *majority* of the population—have been denied "opportunities, positions, rewards and privileges." More democracy is not the answer: "applying that cure at the present time could well be adding fuel to the flames." Huntington concludes that "some of the problems of governance in the United States today stem from an *excess of democracy*... Needed, instead, is a greater degree of moderation in democracy."

*More explicitly, the report states: "(T)o the extent that the United States was governed by anyone during the decades after World War II, it was governed by the president acting with the support and cooperation of key individuals and groups in the Executive Office, the Federal bureaucracy, Congress and the more important businesses, banks, law firms, foundations, and media, which constitute the private establishment." (p. 92)

*...The effective operation of a democratic political system usually requires some measure of apathy and non-involvement on the part of some individuals and groups. In the past, every democratic society has had a marginal population, of greater or lesser size, which has not actively participated in politics. In itself, this marginality on the part of some groups is inherently undemocratic but it is also one of the factors which has enabled democracy to function effectively. [Italics mine.]*⁵¹

With a candor which has shocked those trilateralists who are more accustomed to espousing the type of "symbolic populism" Carter employed so effectively in his campaign, the Governability Report expressed the open secret that effective capitalist democracy is *limited* democracy! (See Alan Wolfe, "Capitalism Shows Its Face.")

Huntington outlines the economic ramifications of the crisis of democracy. In the 1960s people put pressure on government—which was then, as it is now, being seen by more and more people as a captive of big business interests—to increase social welfare spending and regulate the economy in the interest of the greater population. Demands for improved education, social security, welfare, health care, and other social services snowballed into what the report calls an "overload" on the state. The state was already "loaded" down with responsibilities: expenditures for the Vietnam War and a global police force; welfare for business and the wealthy in the form of tax breaks, business subsidies, easy credit, etc., (a recent example of welfare for business is the deregulation of natural gas and oil). But with such a high level of popular mobilization, public interest lobbying efforts, and rising unionization among public employees, government was less inclined to say no to citizen and worker demands. Programs designed to defuse, channel and co-opt popular participation expanded rapidly. People in leadership roles were encouraged to work for change within the system as poverty program administrators, civil rights lawyers, and affirmative action officers.

At all levels government increasingly relied on deficit spending—spending more than the amount of revenue collected through taxes—to meet commitments. The Johnson Administration, for example, funded the Vietnam War by printing money and expanding the federal deficit—rather than attempting to raise taxes and revealing the extent of U.S. involvement. City and state officials went on debt-financed redevelopment sprees (like the New York City World Trade Center; urban renewal became known as urban removal to its many victims. Northeastern cities, especially, fell behind in efforts to keep mass transit and maintain other essential services in the face of rising expenses and a shrinking revenue and employment base (as higher income people escaped to the suburbs and big business ran away to

southern and foreign low-wage-tax regions). Cities became increasingly dependent upon private banks which were glad to lend at higher and higher interest rates and strengthen their role in directing city development through institutions like New York City's Emergency Financial Control Board, established in September 1975. Their prescription for "fiscal crisis?" Impose austerity on workers and the poor and restore "investor confidence."

Inflation—already shooting up under the spending for the Vietnam War—continued spiralling. As Huntington sees it, the fiscal crisis of capitalism—a gap between state expenditures and revenues—is "a product of democratic politics."* The message behind this oversimplification is clear: in the trilateral analysis, the capitalist economy can only function well when it responds to the needs of the ruling class of bankers, businessmen and their support group of lawyers, technocrats, and policy-minded academics. A capitalist economy cannot withstand the pressure of democratic participation.

Prescription

How do the trilateralists propose to make democracy more governable? In the age where the media is considered the most effective means of reaching the "hearts and minds" of the population, steps must be taken to strengthen the symbiosis between media and government.

The Huntington report blames network coverage of the Vietnam War and exposure of the Pentagon Papers for undermining public confidence in government. Huntington uses a statement by Walter Cronkite to draw a lesson from the experiences of the sixties and seventies: the lesson is that "most newsmen" are "inclined to side with *humanity* rather than with authority and institutions."⁵²

The media is almost wholly controlled by giant corporations like Time, CBS, RCA(NBC), ABC—which are in turn controlled largely by banks such as Chase Manhattan and Citibank**—which are very

*Huntington refers to James O'Connor's work, *The Fiscal Crisis of the State* (New York: St. Martin's Press, 1973). He wrongly purports to be improving on O'Connor's Marxian analysis. Alan Wolfe discusses both O'Connor's analysis and Huntington's reasoning in "Capitalism Shows Its Face" in this volume.

**In his article "Who Owns the Networks?" (*The Nation*, 25 November 1978) Peter Borsnan points out that "Chase and the other Rockefeller institutions are among the largest holders of network stock with substantial interests in all three networks [ABC, CBS, NBC]." For example, a 1973 Senate report on disclosure of corporate ownership (issued by Senators Muskie and Metcalf) found that Chase Manhattan controlled 14 percent of CBS. Borsnan points out that, with stock widely distributed among shareholders, institutions can wield great influence or outright control with 5 percent, sometimes 1 or 2 percent, equity.

much a part of the ruling class. (Media chiefs like Hedley Donovan of Time Inc. are prominent Commission members.) Yet trilateralists point to an imbalance between government and media favoring the cause of "humanity" (i.e., the mass of the population not part of the ruling class). At times the press is too free to disclose information, such as in the case of the *Pentagon Papers* (it is less likely that Big Media will go too far in its role of tolerable criticism). Thus in an arena for action entitled "restoring a balance between government and media" Commissioners recommend more rigorous self-censorship. The right of the press to "print what it wants without prior restraint except in most unusual circumstances" is to be upheld.

*But there is also the need to assure government the right to withhold information at the source....Journalists should develop their own standards of professionalism and create mechanisms, such as press councils, for enforcing these standards on themselves. The alternative could well be regulation by government.** [Italics mine.]⁵³

Trilateralists point to the media as one opposition power threatening the governability of democracy. An adversary culture among intellectuals (and student followers) is believed to be another. So-called "value-oriented intellectuals" traitorously "assert their disgust with the corruption, materialism and inefficiency of democracy and with the subservience of democratic government to 'monopoly capitalism.'" They do so in action as well as in words, taking part in causes like the antiwar movement, and, currently, the antinuclear movement. "This development," states the governability report, "constitutes a challenge to democratic government which is, potentially at least as serious as those posed in the past by the aristocratic cliques, fascist movements, and communist parties."⁵⁴ Upholding the values of the corporate system, in contrast, are the "technocratic policy-oriented intellectuals" who should be cloned on a global scale.

In reality, the adversary group of intellectuals is small. A much larger number are reproducing (aggressively or passively) corporate ideology in their roles as professors, sometime government officials, corporate directors and advisors, authors, and researchers. "Value-oriented intellectuals" threaten trilateralism by stepping outside the implicit bounds of liberal/moderate/conservative debate to question the very assumptions and legitimacy of the system itself.

*This statement should not be taken as implying that trilateralists desire *direct* press regulation. They much prefer that the corporations which dominate the media enforce their own codes of conduct.

Trilateralists write: "*By now higher education is the most important value-producing system in society. That it works poorly or at cross-purposes with society should be a matter of great concern.*"⁵⁵ [Italics mine.] Higher education has always been a concern of the ruling class. Businessmen and bankers are the trustees of public and private educational institutions. Private colleges and universities are beholden to the gifts of corporations and rich alumni. Research is financially censored by private foundations. But with the sixties in mind, Commissioners urge a reexamination of higher education—hoping to make even less room for opposition and alienation to develop.

Like democracy, education must be limited—serving the needs of the ruling class. Education and work go hand in hand. Commissioners recommend that more teenagers be steered away from college toward vocational training and that an attempt be made to lower the career expectations of "surplus" people with college degrees. In both cases these measures are aimed first and foremost, not at the traditionally educated white male elite, but at minorities and women who fill the lower levels of the work force.

Labor's role is critical to the governability of capitalist democracy. Regarding labor and social policies, Commissioners delineate two sets of problems in the "arenas for action": "First, the working structure of the enterprise, and, second, the content of the job itself." Not surprisingly, they suggest that reform efforts be focused on job content⁵⁶—the more trivial aspects the better.

Presently, U.S. industrial relations are built upon the model of collective bargaining where "the relationship between Union and Management is adversarial." In the long run Commissioners see the need for more Western European-style "consensual" or cooperative industrial relations.* (William Tabb discusses the trilateral view of industrial relations in Part V.)

Trilateralists are fond of business unions, the type represented by the past and present Union leaders recruited onto the Commission: I.W. Abel (former president of United Steel workers), Lane Kirkland (president and former secretary-treasurer of the AFL-CIO), Sol Chaikin (president of the notoriously low-wage ILGWU), Leonard Woodcock (former president of the United Auto Workers and Carter's ambassador to China), and so on. Their job, like that of Third World strongmen, is to provide a docile labor force at the cheapest price possible.**

*This theme is expounded in the 1979 Task Force Report, *Collective Bargaining and Employee Participation in Western Europe, North America and Japan*, whose U.S. author was George C. Lodge of the Harvard Business School.

***By the standards of today, the U.S. offers both cheap energy and cheap labor—

The governability of society at the national level depends upon the extent to which it is effectively governed at the sub-national, regional, local, functional, and industrial levels. In the modern state, for instance, powerful trade union "bosses" are often viewed as a threat to the power of the state. In actuality, however, *responsible union leaders with effective authority over their members are less of a challenge to the authority of the national political leaders than they are a prerequisite to the exercise of authority by those leaders.* If the unions are disorganized, if the membership is rebellious, if extreme demands and wild-cat strikes are the order of the day, the formulation and implementation of a national wage policy become impossible. [Italics mine]⁵⁷

A national wage policy would be one element of "effective planning for economic and social development" carried out by economists and planners representing business and government. In the draft report, *Industrial Policy and the International Economy*, (March 1979), the need for "voluntary concertation" between government and industry is stressed. Non-Japanese trilateralists are envious of the close and uncloseted business-government partnership known as Japan Inc. (giving Japan a competitive edge they resent).

A sound industrial policy must recognize that the enterprise sector is the prime mover in the economy...public policy can help to strengthen industry and facilitate the structural transformation of the economy. It can *contain or weed out the economic and social measures that reduce the dynamism of industry.*" [Italics mine.]⁵⁸

Trilateralists would like to see a renewal of presidential executive branch authority, especially deference to its views on foreign policy and international economics. Congressional nation-mindedness in the era of "world order politics" has been duly lamented by the Trilateral Commission; they blame parochial interests in Congress for crippling Carter's first energy program and encouraging trade protectionism. The grueling controversy over the Panama Canal treaties, the pressure to recognize the Rhodesian "internal settlement" (see Prexy Nesbitt's article on Zimbabwe), and the heated debate over SALT 2 have all threatened the trilateral consensus. As

and the all-too-rare plus of political stability...In Germany, the Netherlands, Belgium, and Sweden, average wages for manufacturing workers now exceed comparable U.S. wages by as much as 20%." *Business Week*, 9 July 1979, pp. 50-52. This observation does not take into account the wider social benefits enjoyed in Western Europe such as socialized health care and education. The U.S. is the only major industrial country without national health care.

expressed in *Towards a Renovated International System*:

since domestic politics is inevitably more shaped by national than external priorities, the political process produces varying degrees of parochialism which disregards the impact of national action on the outside world and shows little understanding of the requirements of interdependence...⁵⁹

The democratic surge threatens the fabric of international relations by undermining the U.S. role as global police. A "government which lacks authority and which is committed to substantial domestic programs will have little ability, short of cataclysmic crisis, to impose on its people the sacrifices which may be necessary to deal with foreign policy problems and defense"⁶⁰ (such as the draft and social welfare cutbacks). Public awareness and opposition put a brake on U.S. interventionism in the post-Vietnam era. Only strong government (i.e., without strong opposition and oversight) can effectively rule in the interest of international capitalism.

For a quarter-century the United States was the *hegemonic power* in a system of world order [writes Huntington]. The manifestations of the democratic distemper, however have already stimulated uncertainty among allies and could well stimulate adventurism among enemies...*A decline in the governability of democracy at home means a decline in the influence of democracy abroad.* [Italics mine.]⁶¹

Once again the definition of democracy is clearly spelled out. The last sentence should read: a decline in the governability of democracy at home means a decline in the strength of imperialism abroad.

On the whole, trilateralists seem to be aware of limitations and contradictions within the capitalist form of democracy—even though their actions may often speak otherwise. In the "arenas for action" Commissioners recommend that governments give the "highest priority to establishing a minimum form of guaranteed subsistence for all citizens." In actuality, this is another form of welfare to business; income assistance allows business to pay low and subsistence wages to boost profits and cushions the high level of unemployment which is healthy for capitalism.* The governability report observes:

the historical record indicates that democracy works best—indeed that it may only work—when there is a gradual but

*When unemployment is high workers are pacified with the threat of job loss. When there is little unemployment workers are in a much better position from which to bargain for improved wages, benefits, and working conditions and have greater chances of moving on to more attractive jobs (safer, higher pay, etc.). William Tabb discusses this point in his article, "The Trilateral Imprint on Domestic Economics."

relatively constant increase in the economic well-being of society.⁶²

The dream of capitalism is to co-opt people with higher living standards without redistributing any wealth. Without co-optation, widescale repression is the only guarantor of gross inequality.

"If ever there was a democratic success story, it was written by the trilateral societies during the quarter-century following World War II" (when just such a period of relatively constant economic growth occurred) begins the conclusion of the *Crisis of Democracy*. Among the keys to that success were:

sustained, and for some countries, spectacular economic growth; widespread social and economic amelioration, involving a *lessening of class conflict and assimilation of substantial portions of the population to middle-class values, attitudes and consumption patterns.* [Italics mine.]⁶³

The elimination of poverty and redistribution of wealth and power are not part of the "democratic success story." Consumption is. Class conflict did not give way to a classless society but was masked by the so-called *Consumption Community*. As prize-winning historian Daniel Boorstin describes in *Fortune* (1 September 1967):

A Consumption Community consists of people who have a feeling of shared well-being, shared risks, common interests, and common concerns that come from consuming the same kinds of objects...As the advertisers of nationally branded and nationally advertised products are constantly telling us, by buying their products we are joining a special group—the Dodge Rebellion, the Pepsi Generation, those who throw in their lot with Avis because it is only No. 2...

*...Consumption Community is non-ideological. No profession of faith, no credo or orthodoxy, no ritual is required to join a Consumption Community...*⁶⁴

Capitalists hope to circumvent political revolution with the Dodge Rebellion and Pepsi Revolution. The binding ritual is consumption; the goal is to strive for a higher standard of living, the "publicly seen and known measure of how people do live and of how they *should* live." People not only pledge allegiance to brand names; they support the corporate system. Boorstin continues:

Consumption Community is democratic. This is the great American democracy of cash which so exasperated the aristocrats of all older worlds. Consumption Communities, generally welcome people of all races, ancestry, occupations, and income levels, provided they have the price of admission. The boss and the worker both own Westinghouse washers...[all above italics mine.]

In reality of course there is no democracy of consumption. The boss and worker may both own a Westinghouse washer (though the boss might have a maid to do the wash in a more advanced model) but workers must sell their labor power to the boss. Class background, sex, and a host of other factors determine who is likely to have the "price of admission" to which Consumption Communities. Boorstin writes:

The struggle for "civil rights" in the U.S. has been in large part a struggle for the right to consume—a struggle to enlarge and complete the democracy of consumption...

The continuing crisis of democracy reflects the failure of capitalism to deliver the goods to the mainstream as well as to Blacks and other people who have remained marginalized (the myth of the widening "Black Bourgeoisie" notwithstanding).^{*} The sixties and seventies saw little affirmative action and much affirmative tokenism. Over the last decade we have seen a decline in real wage and living standards.^{**}

When the masses of people demand a decent livelihood trilateralism would like it to suffice to say "let them eat symbolic democracy"; and when people demand true democracy, trilateralism responds with "let them vote for the consumer products of their choice," in the pseudodemocracy of consumption.

But the "crisis of democracy" reflects a struggle for much more than the right to consume either corporate products or liberal demo-

^{*}On this point, see for example, Herbert Hill, "White Myths of Black Economics," *The Nation*, 6 December 1978. Hill points out that during the 1960s the gap in black and white income was somewhat narrowed but has widened again since the early 70s. He cites the important Bureau of the Census finding that "the income of the average Negro family with *three wage earners* is not significantly different from the family income of the average white family with *one wage earner*." [Italics mine.] *U.S. News and World Report* (21 August 1978) states that in 1976 Black family income was 59 percent of white family income. In 1977 it had dropped to 57 percent. As to the rising black middle class, Hill observes: "the proportion of black families earning \$24,000 and up has steadily declined in recent years: from 12% in 1972 to 9% in 1976. Meanwhile the proportion of black families with incomes between \$16,200 and \$24,000 has remained constant at about 25%." *U.S. News and World Report* reveals that some 31.3 percent of all blacks are poor compared with 8.9 percent of all whites.

^{**}Sidney Lens reports: "According to AFL-CIO statistics the average non-farm worker with three dependents took a cut of about \$3.50 a week from 1972 to August 1978. His [sic] nominal wages soared from \$121.09 to \$184.09, but measured in 1967 dollars his real earnings (after federal taxes) shrank from \$96.64 to \$93.12. Construction workers fared worse, down by \$15 a week, and those in finance and real estate lost \$7 a week in real earnings. The only workers who did better were those in transportation and public utilities; over a six-year period their rates jumped by the grand sum of 40 cents a week." ("Disorganized Labor," *The Nation*, 24 February 1979).

cratic symbols. It reflects the desire of a growing sector of the population to translate freedom of speech into freedom to act. The ruling class tries to restrict the freedom of speech to freedom to burn off steam, to criticize and propose from a position of powerlessness—just as it means to confine the hard-won right to vote to the freedom to choose between candidates who are variations on the same theme.

The “crisis of democracy” reflects a struggle to assert democratic control over the political, economic, and social system. Capitalist democracy does not guarantee universal rights to decent food, housing, employment, childcare, education, or health care. There are no rights guaranteeing control over the fruits of one’s labor and control over the work process itself. Why? Because these rights contradict the unequal distribution of wealth and power. Formal political democracy helps legitimize corporate capitalism.* True political democracy cannot exist without economic democracy and economic democracy cannot exist under capitalism.

Challenges and Contradictions: The Struggle Continues

The ruling class is not omnipotent. Ruling elites preserve their rule through a mixture of accommodation and force. Trilateralists hope to strengthen the weapons for military and economic policing of “subversive” citizens and upstart countries while improving the weapons of co-optation. There are two stereotypical views of how ruling elites generally react to progressive demands for change. Actually, both views, when taken together, approximate the truth. The first view holds that every reform is wrested by the oppressed from a kicking and screaming ruling class which attempts everything in its power to suppress progressive forces. The second holds that the ruling class is prescient and clever and acts quickly, even preemptively, to defuse revolutionary potential with timely minimal concessions, within a long-range strategy of co-optation. The fact is that ruling class elites do kick and scream in the face of change (particularly those capitalists who are most directly hurt; usually smaller labor-intensive businesses with local or national, rather than international, markets) even as more “enlightened” and politically conscious elites try to manipulate or manage social change in their own self-interest through a combination of reform and repression.

*This theme has been elaborated by contemporary writers such as Ralph Miliband (*The State in Capitalist Society, Marxism and Politics*) and Jurgen Habermas. In *Legitimation Crisis*, for example, Habermas distinguishes between “substantive democracy” (i.e. “the genuine participation of citizens in the process of political-will formation”) and “formal democracy” which permits the state to gain “diffuse mass loyalty” while avoiding mass participation. (Boston: Beacon Press, 1973, pp. 36-37).

Like their chief economic instrument, the global corporation, the ruling class cherishes flexibility—indeed it depends on it. Brzezinski made this point in a *Washington Post* interview (14 March 1978):

On the whole, my views are strategically consistent, tactically very fluid...I’m perfectly willing to change tactical positions because the world changes. Anybody who maintains that one has to be constant in one’s views in every respect is a jerk.

What “history teaches us”—to use a phrase favored by trilateralists—is that ruling elites are deadly serious about seeing that any renovation of the international system is in their interest. They will use a variety of carrot and stick tactics to maintain political and economic control—domestically and internationally. Control techniques will be more vicious or less, depending on a combination of factors involving the state of the economy and, more importantly, the state of popular opposition. The more threatening and persistent the moves to counter their plans and build alternative models—the more violent will be their tactics of repression.

If this were a world of infinite resources and unlimited economic growth then the very best which the ruling class might concede to a substantial sector of the population is the world Aldous Huxley described in the preface to *Brave New World*:

There is, of course, no reason why the new totalitarianisms should resemble the old. Government by clubs and firing squads, by artificial famine, mass imprisonment and mass deportation, is not merely inhuman (nobody cares much about that nowadays); it is demonstrably inefficient and in an age of advanced technology, inefficiency is the sin against the Holy Ghost. *A really efficient totalitarian state would be one in which the all-powerful executive of political bosses and their army of managers control a population of slaves who do not have to be coerced, because they love their servitude.* To make them love it is the task assigned, in present-day totalitarian states, to ministries of propaganda, newspaper editors and school teachers...[Italics mine.]⁶⁵

That these “new totalitarianisms” do not resemble the old is largely contingent upon the nurturing of a politically apathetic consumption community.

As more advanced weapons are being produced for the police state, more advanced means of psychological control are being developed. These behavioral controls operate in a variety of ways—from the CIA drug-testing program on unsuspecting human guinea pigs in the sixties to the proliferation of mind-altering drugs, behavior modification techniques, and brain operations on prisoners and mental patients. To so-called job-enrichment programs for

"motivating employees." To a host of ventures in the realms of education, advertising, and military training.

In a 1973 memo on the Trilateral Policy Program then director Brzezinski recommended the study of "Control Over Man's Development and Behavior" as a theme for later consideration. More specifically such a task force would undertake to study "the social-educational implications of the availability, especially in advanced societies, of new means of social control."

The renovation trilateralism envisions is not smoothly underway. On the contrary, challenges and contradictions manifest themselves on all levels. Today the U.S. economy and the entire international capitalist system is fraught with deeply rooted problems like stagnation and rampant inflation. In 1979-1980 the Carter Administration attempted to engineer a controlled economic slowdown, hoping to avoid a damaging depression. The type of social Darwinism which a controlled recession would impose is just the sort big business wants to houseclean the economy—streamlining industry and labor for more efficient competition in the international arena.* (William Tabb discusses the rationale behind recession and clearly analyzes Carter's trilateralist economic policies and their impact in Part IV.)

Carter's economic restructuring tools have included an enormous tax cut for "corporate America,"** tighter credit, natural gas and oil deregulation (on Carter's energy policy and its larger economic significance, see the article by Clawson and Kaufman), wage and price guidelines aimed squarely at labor, high unemployment, and a budget that is fat with military allocations (up after inflation is figured in, 3 percent on paper for 1979-80—and an average of nearly 5 percent through 1985—and more in practice), but "lean and austere" when it comes to human services (housing, welfare, food stamps, public jobs, and job training, community development, food and nutrition programs, etc. were cut by \$2.5 billion in 1979; to put this in perspective—the cost of one new navy aircraft carrier or

*In part, streamlining means emphasizing high technology/high productivity/high profit industries like advanced electronics, aerospace, and energy over labor intensive/low technology/poorly competitive industries like textiles and steel.

**The tax cut included a cut in the corporate tax rate, a permanent investment tax credit, and a reduction in capital gains taxation. The *Nation* (7 October 1978) looked at this "Relief for the Greedy" and predicted that the 70 percent exemption on capital gains would result in an annual windfall of \$4.2 billion—75 percent of it going to those making over \$50,000, who represent the top 3 percent of the population. In capitalist logic it is this sector which will save and invest money most "productively."

trident submarine is \$1.5 billion). About the poor, the *New York Times* (13 August 1979) editorializes:

The shock of this winter's home heating costs will be felt with particular force by the poor. The poorest fifth of American families already spend 13 percent of their income on home energy (while the richest fifth spend 3 percent of theirs)...Necessity Stamps, for food, energy, or housing...would allow recipients to decide for themselves how much hunger to trade for how much warmth. [Italics mine.]*

Like women who were forced into chastity belts to protect the "property" of their husbands—the working class is forced to wear the austerity belt to protect the economic system they labor in: a system which is wrongfully the property of the ruling class.

The break-up of the welfare/warfare state duet has undermined the relative harmony of big labor and big capital. Cold War liberalism promised guns and butter. Now capitalists are trying to force workers to give back the gains of more prosperous periods. The debate over guns and butter is being waged increasingly with the language of class struggle. Rank and file militancy makes it clear that the working class will not be "content with forging for itself the golden chains by which the bourgeoisie drags it in its train."⁶⁶

The simmering crisis of democracy was packaged for public consumption by President Carter as the "crisis of confidence." Carter—the man who was to renew faith in government and country—was shocked to find that in the summer of 1979 public trust had sunk below its Watergate low-point.** In his spiritual energy

*Poor families are already choosing between food, heat, shelter, health-care and other basic necessities. Hunger, cold, illness, and substandard housing are part of their everyday existence. Last winter, children and elderly persons died of exposure because their heat was shut off. The case of New York City is particularly illustrative of the impact of fiscal austerity on the poor. According to the Task Force Report on Welfare Issues (under Councilwoman Ruth Messinger's office) 1/11th of the nation's Public Assistance recipients live in New York City. One out of every seven people in New York City is on public assistance, 87 percent of whom are mothers and children. New York Community Council reports: "Currently it costs \$441 per month (plus rent) for a four person public assistance family to maintain the same level of living that had been provided for them in the spring of 1969... The present basic cash grant of \$258 per month (exclusive of rent) for a four person family has not changed in amount since it was fixed at that level in 1974. Inflation since July 1974 has so eroded the purchasing power of the \$258 non-rental grant that it is now worth only \$198 in the market place." The report goes on to explain how food stamps are totally inadequate in closing the widening gap between income and need. (Community Council of Greater New York, "Some Facts about New York's Public Assistance Grant Levels," February 1979.)

**Patrick Cadell, President Carter's pollster, found "that the number of people who are long-term pessimists about the country which at the worst of Watergate was about 30 percent, was 48 percent now." The *New York Times* (3 August 1979) goes

address (15 July 1979) Carter sounded themes which Huntington had spelled out earlier:

The erosion of our confidence in the future is threatening to destroy the social and political fabric of America... We've always had faith that the days of our children would be better than our own. Our people are losing that faith. Not only in government itself, but in their ability as citizens to serve as the ultimate rulers and shapers of our democracy...

In a nation that was proud of hard work, strong families, close-knit communities and our faith in God, too many of us now tend to worship self-indulgence and consumption. Human identity is no longer defined by what one does but what one owns.

But we've discovered that owning things and consuming things does not satisfy our longing for meaning...

For the first time in the history of our country a majority of our people believe that the next five years will be worse than the past five years. Two-thirds of our people do not even vote...

As you know there is growing disrespect for the government and for churches and for schools, the news media and other institutions...

We were sure that ours was a nation of the ballot, not the bullet until the murders of John Kennedy and Robert Kennedy and Martin Luther King Jr. We were taught that our armies were always invincible and our causes were always just, only to suffer the agony of Vietnam. We respected the presidency as a place of honor until the shock of Watergate. We remember when the phrase "sound as a dollar" was an expression of absolute dependability until ten years of inflation began to shrink our dollar and our savings. We believed that our nation's resources were limitless until 1973, when we had to face a growing dependence on foreign oil. These wounds are still very deep. They have never been healed...⁶⁷

Carter's failure to heal the wounds and rouse faith reflects the fact that distrust in government comes from knowledge that government does not serve people's needs (distrust is not just a personality disorder brought on by the shock of Watergate). Realizing people see government/oil company collusion behind the "energy crisis," Carter threw out OPEC as a scapegoat around which to rally the United States people "on the battlefield of energy" in the war for national

on to report more of the pollster's findings!...57 percent of the people doubted they could have any impact on government decisions affecting their lives, and (that) 60 percent, as against 58 percent during Watergate, believed some major governmental figures were dishonest. Moreover only 10 percent believed the Government would do anything about inflation and taxes...Finally, an astonishingly low 6 percent expected to see significant progress in the next 5 years."

will.* But if people are rallying around anything, it is against nuclear power and corporate-controlled energy; not only in the U.S., but throughout Western Europe and Japan.

There was truth in Carter's speech—buried among the quotes from "ordinary people" he drew on for their populist effect. Carter said:

And I like this one particularly from a black woman who happens to be the mayor of a small Mississippi town: "The big shots are not the only ones who are important. Remember, *you can't sell anything on Wall Street unless someone digs it up somewhere else first.*" [Italics mine.]

The fact is that people are sick of "digging it up" to line the pockets of Wall Street investors. In an era of economic decline, the contradictions of capitalist democracy become that much clearer (and consumption worship, which Carter lamented, is no opiate).

Members of the higher echelons of the Trilateral Commission must be frustrated knowing that while they are not merely an advisory committee neither are they the executive committee of international capital (with the authority they are accustomed to in corporate hierarchies). (See Wolfe Part VIII and the concluding perspectives.) For trilateralism, relations between the big trilateral powers—the U.S., West Germany, and Japan—are not cozy enough. The threat of trade rivalries exploding into trade wars continues to loom over the Atlantic and Pacific horizons. (See Fred Block, "Trilateralism and International Capitalist Conflict.")

Aware that "protectionism" is on the rise, trilateralists take a harder look at underlying domestic and international economic conditions. They find that the trilateral countries are plagued by general "industrial malaise"; inflation and unemployment have remained high in the trilateral countries for over five years. Fundamental economic restructuring is placed squarely on the trilateral agenda for the 1980s:

[It] may well be that the difficulties are not only cyclical, and hence amenable to demand management, but also *structural*: *They may require a reallocation of resources in the economy* which takes time and money to achieve. So long as structural changes are required, one could expect high unemployment or high inflation or both, as the forces for change press against established positions in the economy. [Italics mine.]⁶⁸

*Dependence on OPEC was blamed for gas lines and more: "It's a cause of the increased inflation and unemployment that we now face." Even *Business Week* scolded Carter for such meaningless rhetoric. For a more complete analysis of the "oil crisis" (and OPEC's role) from a corporate perspective see *Business Week*, "The Oil Crisis is Real This Time," 30 July 1979).

Observing the tasks of Carter's presidency, trilateralist Thomas Hughes (president of the Carnegie Endowment for International Peace) comments: "the essence of foreign policy is the management of contradictions."⁶⁹ Trilateralism is the current ruling class attempt to manage the contradictions which riddle the international capitalist system.

The Western capitalist prescription for development is a model which always leaves intact the dynamic of exploitation and the machinery of repression—regardless of what concessions or reforms may be instituted. It is a model which sees human labor as one more resource to be exploited (as cheaply as possible). It is a model which ties people to a treadmill of conspicuous consumption, warping the promise of human potential. It is a model which is built upon competition and advocates cooperation only in the self-interest of the most powerful. It is a model of development which buys stability for business at the price of shattered and stunted lives; offering people a t-shirt, a pair of sneakers, plastic dishes, maybe a radio or a watch, in place of freedom.

Where can we look for lessons? To our own histories which the ruling class has tried to bury under an invented history of myths and lies. To quote activist Emma Goldman (1869-1940):

History teaches us that every oppressed class must gain liberation through its own efforts.

Oppression cannot be rationalized. In the end it must be overcome by the power of a people united in the struggle for their own liberation. This is the power trilateralism fears most. A crucial aspect of liberation is education and reeducation. With that in mind, this book examines the origins, goals, strategy, and impact of trilateralism. As a tool in understanding ruling class strategy and action, it can be a tool for organizing resistance.

Events in the U.S. and abroad—discussed more fully in the conclusion to this volume—should not discourage, but empower us. Trilateralism is not the triumph of corporate capitalism's "true world economy," where the weapons of war, torture and unceasing repression are traded as eagerly as toothpaste and soda; it is capitalism's defense. Together, we can build enduring democratic and socialist systems which are founded on the collective efforts of a "highly educated, mobilized, and participant society" and which put the needs and aspirations of ALL human beings—not the profits of the few—at the heart of economics and politics.

Appendix

The Rockefeller family is the most powerful family in the United States. Estimates of Rockefeller private assets have ranged from nearly \$1.3 billion (calculated from disclosures at Nelson Rockefeller's vice-presidential confirmation hearings) to \$5 billion and upwards. Rockefeller power lies in the many interlocking corporations, financial institutions, foundations, and leading individuals they control.* The fortune began with John D. Rockefeller Sr. (1839-1937; David Rockefeller's grandfather) and the Standard Oil Trust which monopolized the U.S. oil industry in the late 1800s. Today, the male heirs of John D. Rockefeller Sr. and the corporate offspring of Standard Trust continue to dominate politics, industry, finance, and philanthropy (the traditional role of women offspring in the Rockefeller patriarchy has been to marry into other influential families; "Rockefeller Wives" were influential inside and outside the family: Abby Aldrich Rockefeller, married to John D. Rockefeller 2nd, was co-founder of the Museum of Modern Art and Blachette Ferry Hooker Rockefeller, married to John D. Rockefeller 3rd, became president of the Museum of Modern Art).

As for corporations under the Rockefeller wing, in 1978 Exxon (Standard Oil of New Jersey) was the second largest corporation in the world, Mobil was the fifth largest; Socol (Standard Oil of California) was the eighth largest; and Standard Oil of Indiana was the seventeenth largest. That same year Chase Manhattan Bank was the third largest bank in the world; Metropolitan Life Insurance and Equitable Life Insurance, the second and third largest life insurance companies in the United States; and Eastern Airlines, the seventh largest transport company in the U.S. Powerful namesakes include the Rockefeller Foundation, Rockefeller Brothers Fund, Rockefeller University (formerly the Institute for Medical Research) and the huge real estate development project, Rockefeller Center Inc., located in New York City.

The late Nelson Rockefeller (died 1979; David's brother) was the chief exception to the Rockefeller rule to "operate primarily behind the scenes...laying out the long-range policies while leaving the details to loyal spokesmen of their interests in positions of public power." (See NACLA, *The Rockefeller Empire: Latin America*, reprinted from the NACLA newsletter April, May-June 1969, p.2.) Nelson Rockefeller was four-term governor of New York, 1958-1973. As governor, Rockefeller ordered state troopers to storm Attica Prison in 1971 after refusing to appear personally at the prison site, much less become involved in negotiations with rebelling prisoners. Ten hostages and thirty-three prisoners died in the assault and eight were wounded—all by trooper gunfire. Rockefeller's behavior was similar to his father's (John D. Rockefeller 2nd, 1874-1960) actions during

*As the authors of *The Rockefellers*, Collier and Horowitz, explain: "(T)he Mellons and a few other American families may have been richer but among the power elite whose rule stretched from Wall Street to Washington, the Rockefellers were without peer." (pp. 484-5.)

the Colorado Fuel and Iron Strike and Ludlow Massacre of April 1913. (There were 53 dead and many more wounded men, women, and children after a company of National Guard militia opened fire on the Ludlow workers' tent camp.) John D. Rockefeller 2nd defended his decision not to become involved in the long struggle, arguing that he was only a stockholder and not responsible for day-to-day operations; but he had been informed of and supported the management hard line throughout the strike. As for Rockefeller Sr. "(Y)ears earlier when he heard that Frick had ordered strikers at Carnegie's Homestead steelworks shot down, John Sr. had immediately fired off a telegram of support to the coke magnate" (Collier and Horowitz, p. 110). Rockefeller Sr. had turned to philanthropy and supported the Rockefeller Foundation to clean up the hated Rockefeller name. Rockefeller Jr. pushed philanthropy further and, after Ludlow, became a "statesman" in labor relations, promoting the pioneers in the insidious science of industrial relations and industrial management. (Collier and Horowitz, p. 141.)

Nelson Rockefeller had enormous impact on U.S. policy toward Latin America (where he and his family had vast investments) since the 1940s when he became the first Coordinator of Inter-American Affairs. After serving as undersecretary of the newly created Department of Health, Education and Welfare, Nelson became Eisenhower's special assistant for Cold War Strategy or "Presidential Coordinator of the CIA" (Collier and Horowitz p. 271). He was the long-time patron of Henry Kissinger and served as vice-president under Gerald Ford, but never made it in his bids for the Republican presidential nomination.

Laurence, a third brother, is the venture capitalist and conservationist-developer in the family. He was appointed to the Outdoor Recreation Resource and Review Commission in 1958 (bringing in aides from his two conservation organizations, Jackson Hole Preserve, Inc. and the American Conservation Association). The 1962 Commission report promoted the "policy of 'multiple use'; encouraging mining, lumbering, grazing and other industrial activities on recreation lands." (Collier and Horowitz, p. 382). Laurence was chairman of the New Citizens' [sic] Advisory Committee on Recreation and Natural Beauty under Johnson and the (renamed) Citizens' Advisory Committee on Environmental Quality under Nixon. Reaping profit from conservation and "multiple use" Laurence was a heavy investor in tourism development, especially luxury resorts, on beach and wilderness lands in Hawaii, Puerto Rico, the Virgin Islands, and elsewhere.

John D. Rockefeller 3rd (died 1978) was the philanthropist and "Mr. Asia." One of his special achievements was the Population Council, a foundation which supports projects to reduce the so-called population explosion, especially in the Third World. J.D. Rockefeller 3rd was a central figure behind private and public thinking of population reduction as the way to confront the problems of hunger, poverty, and scarcity of world resources while enhancing political stability in the Third World.

Among the four brothers' (excluding Winthrop, mentioned below) joint achievements was the three-year Rockefeller Panel Studies which produced *Prospect for America* a report whose "recommendations would be incorporated into both party platforms in the 1960 presidential elections and would exert a profound influence in the course of America's military

politics and domestic affairs over the next troubled decade." (Collier and Horowitz p. 324). Winthrop Rockefeller (died 1973), the fifth brother went outside the family mainstream, moving to Arkansas and becoming a force in Arkansas' development as businessman, rancher, philanthropist, and governor (1967-1971) until his recurring problem of alcoholism added to his defeat for a third term. John D. (Jay) Rockefeller 4th (son of John D. Rockefeller 3rd) was elected Democratic governor of West Virginia in 1979 and serves on the Trilateral Commission with David.*

FOOTNOTES

1. Richard H. Ullman, "Trilateralism: 'Partnership' for What?" *Foreign Affairs*, 55:1 (October 1976), p. 11.
2. William Greider, "Trilateralists to Abound in Carter's White House," *Washington Post*, 16 January 1977.
3. Laurence H. Shoup and William Minter, *Imperial Brain Trust: The Council on Foreign Relations and United States Foreign Policy* (New York: Monthly Review Press, 1977), p. 15.
4. Ad appearing in the *New York Times*, 6 March 1979.
5. Zbigniew Brzezinski, "Trilateral Relations in a Global Context," *Dialogue* 7 (Summer 1975), p. 11.
6. C. Fred Bergsten, Georges Berthoin, Kinhide Mushakoji, *The Reform of International Institutions* (Trilateral Commission: Triangle Paper 11, 1976). The theme of "collective management" is developed earlier by Miriam Camps in a report for the Council on Foreign Relations, *The Management of Interdependence: A Preliminary View* (New York: CFR Council Papers on International Affairs 1974).
7. George Ball, "Cosmocorp: The Importance of Being Stateless," *Columbia Journal of World Business*, 2:6 (November-December 1967), p. 26.
8. John Blashill, "The Proper Role of U.S. Corporations in South Africa," *Fortune*, July 1972, p. 49.
9. Ball, *op.cit.*, p. 28.
10. This phrase is used by Arthur M. Okun in the title of his book, *Equality and Efficiency: The Big Tradeoff*, Washington, D.C.: The Brookings Institution, 1975, p. 1.
11. Robert J. Lampman, *The Share of Top Wealth-Holders in National Wealth 1922-1956*, cited in Ferdinand Lundberg, *The Rich and the Super-Rich* (New York: Lyle Stuart, 1968), p. 7.

*For David Rockefeller's background see "Who's Who on the Trilateral Commission" in this volume. For an excellent, in-depth portrait of the Rockefellers, see the book cited frequently above: Peter Collier and David Horowitz, *The Rockefellers: An American Dynasty* (New York: Signet, 1976). Also, for a quick look at Nelson's impact on New York see Robert Fitch, "Nelson Rockefeller An Anti-Obituary" *Monthly Review*, June 1979. On the domestic and foreign activities of Chase Manhattan Bank see, for example, *NACLA Report*, "Chase's Rocky Road," April 1976.

12. From a report by SANE, A Citizen's Organization for a Sane World, cited in "The Nuclear Connection," a slide show by the Minneapolis Office of the American Friends Service Committee.
13. "One World," *Forbes*, 15 November 1968.
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PART II

THE TRILATERAL COMMISSION

This section brings the Trilateral Commission and its members to life. The stage is set by a review of the rise and decline of the postwar international economic system revealing the background conditions which led to the birth of the Trilateral Commission. A chronological account of the Commission's creation and early years is followed by a description of its goals, organization, funding, and programs. An extensive "Who's Who" provides a wealth of information about past and present trilateral participants, tracing their careers, corporate ties, and organization affiliations; government positions are highlighted. A preface to the Japanese "Who's Who" illuminates the Japanese Establishment.

The trilateral doctrine was born in a period of deep distress within the Establishment over the Nixon-Kissinger "shocks" to Western Europe and Japan. It was conceived as a counterstroke to the Nixonian foreign-policy concept of "pentagonism" that viewed the world as dominated by five great powers—the United States, the Soviet Union, China, Japan and Western Europe. In that complex poker game, the United States was to be free to play a tough, independent and aggressive hand, shifting from coalition to coalition, depending strictly on the pursuit of American national self-interest.

—Leonard Silk
New York Times, 4 May 1979

Where trilateralism began as a formula and a forum for coordinating economic policy among the advanced market economies, it has come to mean something much more far-reaching—"a partnership between North America, Western Europe, and Japan," to quote Governor Carter. As such, trilateralism has two faces, one turned inward, the other turned outward.

The inward face has been concerned chiefly with preserving for the industrialized societies—indeed, expanding the advantages which, during the 1960s, flowed from openness and increased interdependence, while limiting their adverse consequences.

Trilateralism's outward face is turned toward the construction of a common approach to the needs and demands of the poorer nations, and the coordination of defense policies and of policies toward such highly politicized issues as nuclear proliferation, terrorism, and aerial hijacking, and such highly politicized geographical areas as the Middle East or Southern Africa...

The ultimate result—to quote Zbigniew Brzezinski, the former director of the Trilateral Commission—*would be "a community of the developed nations."**

—Richard Ullman
Foreign Affairs, October 1976

*[Italics added.]

chapter one

THE TRILATERAL COMMISSION: ECONOMICS AND POLITICS IN THE 1970s

*Jeff Frieden**

The Rise of International Finance Capital

Postwar U.S. foreign policy had as its keystone the reconstruction of Western Europe and Japan as future trade partners and front-line protection against the spread of socialism in Europe and Asia. In the interest of allowing these areas, especially Western Europe, to rebuild, the United States pumped billions of dollars in Marshall Plan aid into their economies. The U.S. also permitted and encouraged the formation of regional—and somewhat exclusive—organizations like the European Payments Union, the European Coal and Steel Community, the European Free Trade Association, and eventually the European Economic Community i.e. Common Market. (Thompson discusses these events in "Bilderberg and the West.")

What evolved was a system of international trade in which Japanese and Western European manufacturers found it relatively easy to sell their goods in the U.S. market—in competition with domestic U.S. industrialists—while U.S. manufacturers found it relatively difficult to export to the European and Japanese markets. The price, then, for a strong capitalist Western Europe was a Western Europe comparatively protectionist *vis-a-vis* U.S. imports; yet virtually the entire U.S. ruling class considered this price worthwhile to save the world from Creeping Communism. And the price was paid by U.S. exporters, whose share of "free world" trade fell from 23.3 percent in 1948 to 15.3 percent in 1970; Western European exports to the U.S. grew four times as fast as U.S. exports to Western Europe.¹

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But while domestically-based North American industries were finding it relatively hard to take full advantage of the growing Western European market due to tacit U.S. approval of a measure of European protectionism, the internationally-oriented corporations were thriving. For if there were restrictions on U.S. goods entering Western Europe, there were almost none on U.S. capital. U.S. private investment in Western Europe grew from \$1.7 billion in 1950 to \$16.2 billion in 1966 and \$30.7 billion in 1972. Meanwhile long-term portfolio investments (i.e., stocks and bonds) of U.S. investors in Western Europe went from \$1.3 billion to \$4.5 billion to \$5.9 billion, and short-term investment from \$0.4 billion to \$2.6 billion to \$5.3 billion.

Little noticed by many was the increasing importance of U.S. banks in this massive internationalization of capital. The following table should suffice to show the skyrocketing importance of banking on the international scene:

**International Activities of U.S. Commercial Banks
Selected Year-Ends**

(Operating Data in Billions of Dollars)

	<u>1960</u>	<u>1970</u>	<u>1974</u>
Number of U.S. banks with foreign branches	8	79	129
Number of foreign branches	131	536	737
Assets (in billions of dollars) of overseas branches	3.5	52.6	155
Foreign assets as a percent of total assets	3.0	10.9	17.7

SOURCES: J. Backman and E. Bloch, eds., *Multinational Corporations, Trade, and the Dollar*, New York, 1974, p. 4; and Robert Z. Aliber, "International Banking: Growth and Regulation," *Columbia Journal of World Business*, Winter 1975.

Foreign investment in the United States also grew rapidly as European and Japanese corporations moved to tap the enormous North American market and enjoy labor costs which had become increasingly similar to European and Japanese scales. Direct investment by foreigners in the United States went from less than \$8 billion in 1962 to \$26.7 billion in 1975,² and foreign bank assets in the United States went from \$5 billion in 1965 to \$42 billion in 1974.³

It was clear by the mid-1960s that the most mobile, farseeing and important sectors of U.S., Western Europe, and Japanese imperialism were increasingly intertwined and ever more international. The dream of a world community seemed on the way to realization—if only a somewhat restricted community of billionaire banks and businesses.

The trend was noted early on by most influential U.S. and world businessmen and bankers, with David Rockefeller one of the central figures. With their worldwide investment base, loyal only to laws of maximum profit, subject to no national government, these forces raised their voices in the call for the elimination of any restrictions on free trade and investment. "Broad human interests," said "humanist" Rockefeller, "are being served best in economic terms where free market forces are able to transcend national boundaries."⁴ "It is indeed time to lift the siege against multinational enterprises so that they might be permitted to get on with the unfinished business of developing the world economy."⁵

Indeed, international bankers, corporations, and investors have little need for tariffs and other trade barriers. Their interest lies in finding the most efficient, profitable, productive, and convenient spot for their investment to serve those "broad human interests," and then to put their capital to work untrammelled by such outmoded forces as trade barriers.

George Ball, undersecretary of state for Economic Affairs in the Kennedy Administration and a director of Lehman Brothers Kuhn Loeb, a large investment house, told the British National Committee of the International Chamber of Commerce in 1967:

In these twenty postwar years, we have come to recognize in action, though not always in words, that *the political boundaries of nation-states are too narrow and constricted to define the scope and activities of modern business...*

Except in extractive industries, most U.S. enterprises until recent times have concentrated their activities on producing for the national market, exporting only their surplus. Many still do. However, this is no longer adequate for the requirements of the world we live in. In order to survive, man must use the world's resources in the most efficient manner. This can be achieved only when *all the factors necessary for the production and use of goods—capital, labor, raw materials, plant facilities and distribution—are freely mobilized and deployed according to the most efficient pattern.* And this in turn will be possible only when national boundaries no longer play a critical role in defining economic horizons...

By and large, those companies that have achieved a global vision of their operations tend to opt for a world in which not only goods but all the factors of production can shift with maximum

freedom. Other industries—some of great size and importance in the United States, such as steel and textiles—which have confined their production largely or entirely to domestic markets, anxiously demand protection whenever a substantial volume of imports begins to invade national markets.⁶ [Italics ed.]

The internationalists, who, in the United States, concentrated their theoretical work in the Brookings Institution and the Council on Foreign Relations, their political work in the White House, and their economic work in the world's money markets, ran the show. Six rounds of General Agreement on Tariffs and Trade (GATT) negotiations, from 1947 to 1967, for example, brought tariffs on all dutiable U.S. imports down from their 1932 high of 59.0 percent to 9.9 percent in 1970.⁷ But the war was not over, as future events were to show; support for free trade and an internationalization of capitalism was not universal.

For, as Ball acknowledged, some large industries were and still are mostly domestic; steel, textiles, and footwear are notable examples. For a variety of reasons these industries are unable or unwilling to compete internationally. And in times of economic difficulty, when the domestic market is contracting, domestic manufacturers of uncompetitive goods clamor for strict control on foreign imports.

Throughout the 1960s, however, business was relatively good; the U.S. market was expanding and foreign imports were not very menacing to U.S. domestic manufacturers. Yet storm clouds were on the horizon; as with weather, the gathering storm was something everyone talked about but was powerless to avert.

The Disintegration of the International Economic "System"

The postwar capitalist world, as we have seen, was based on the despotism—benevolent, perhaps, but despotism nevertheless—of the United States. The United States dominated the capitalist world, and the concessions and favors bestowed on its friends across the water were, after all, in its strategic interests. But little by little the king's favors enriched the courtiers, and the specter of an economic palace revolt became increasingly menacing.

We have reviewed this process in the trade and investment fields; let us now look at the cog in the machine that spelled its ultimate doom.

Even while World War II raged, U.S. leaders began to plan for the postwar reconstruction of the international economic system. The U.S. vision of the postwar capitalist world, of course, had the United States as leader and ruler. Weakened as they were by the war effort (which, paradoxically, actually strengthened U.S. capitalism)

other capitalist powers—notably Britain—were unable to resist plans for a *Pax Americana*.

In this context, in July 1944, at a conference of forty-four nations in Bretton Woods, New Hampshire, the Anglo-American blueprint for an international monetary system was approved.

Although some of the actual terms of the agreement on the postwar monetary system approved at Bretton Woods were unworkable (notably the insufficient provisions for exchange-rate adjustments as needed and the lack of adequate provisions for an increase in gold reserves), by 1961 the international monetary system, managed by the International Monetary Fund (IMF) was in force along the general lines of the 1944 agreement. The full workings of the system are complex and beyond the scope of this essay, but we must look at its general outline.

At the center of the international monetary solar system shone the dollar; around it orbited the various national currencies. Their relationship to each other was fixed, defined by their relations to the American Sun; international transactions were carried out almost exclusively in dollars. This was fine so long as the Sun was the largest and most stable body in the system; but as the economies of Western Europe (especially of the Federal Republic of Germany) and Japan grew faster than that of the central body, the laws of gravity began to assert themselves. The German mark and the yen became ever stronger and challenged the hegemony of the dollar, and by the late 1960s the system could no longer be expected to perform its previous function as a medium for international exchange, and as a surrogate for gold. Similarly, the protective trade barriers were increasingly cumbersome for international finance. For a weakened U.S. economy especially, the EEC's relative protectionism, once a condition for European reconstruction, seemed unwarranted in view of Western Europe's considerable economic strength.

At the same time, the United States, in large part because of the enormous expense of maintaining and policing a global empire, had begun to accumulate a huge balance-of-payments deficit. The resulting overhang of dollars began to distort the entire structure of the international financial and monetary markets by the late 1960s.

International financiers agreed that reform was needed, that no national currency could completely dominate the system, and that national currencies should be pegged to correspond to their relative and interdependent strengths in a fluid manner. By 1970 serious discussion was underway to accomplish these and other changes, while continuing to move toward freer trade relations.

But these laborious discussions were destined to be destroyed by the increasingly serious economic crisis of the early 70s. In August

1971, the storm broke, in the form of President Richard Nixon's New Economic Policy. Its international components—referred to as the Nixon shocks—were aimed at dramatically altering the international monetary and trade systems.⁸

On the monetary front, Nixon suspended the convertibility of the dollar into gold and other reserves. This step—a clear violation of the Articles of Agreement of the IMF—was meant to achieve effective devaluation of the dollar relative to other currencies. With the dollar devalued, U.S.-made goods would cost less to foreigners and foreign-made goods would be less competitive on the U.S. market. With the dollar equivalent to four German marks, for instance, a U.S.-made ten dollar lamp would cost a German forty marks; if the dollar were devalued to three marks, the same lamp would sell for only thirty marks in Germany—with no particular effort on the part of the U.S. manufacturer necessary. Devaluation, then, was seen by Nixon as a way to improve the position of U.S. exporters and of domestic U.S. manufacturers competing with foreign imports.

On the trade front, too, Nixon struck out at the foreign firms competing with U.S. manufacturers for the U.S. market. Openly disregarding U.S. obligations under the General Agreement on Tariffs and Trade, he slapped a ten percent surcharge on most imports into the United States. Through the fall of 1971 Nixon stepped up the attack on imports by virtually ordering Japan, South Korea, Taiwan, and Hong Kong to reduce the pace of their imports of textiles into the United States. Japan and the Common Market were also asked in no uncertain terms to allow more U.S. goods to be sold at more competitive prices in their respective marketplaces.

The attack was successful. By the spring of 1972 Japan and other Asian nations had agreed to slow the growth of their U.S. sales of synthetic fibers, and both Japan and the EEC had agreed to relax their trade barriers to many U.S. products.

Nixon's methods were, however, extremely upsetting to the major representatives of transnational capitalist interests. Philip H. Trezise, assistant secretary of state for Economic Affairs since 1969, left the Administration and went to work for the Brookings Institution, that bastion of transnational theory. After twenty-seven years at the State Department, J. Robert Schaetzel, U.S. ambassador to the European Community since 1966, left his post in 1972 and began to write for the Council on Foreign Relations (CFR). And perhaps more significant, C. Fred Bergsten, a dynamic and brilliant darling of the financial capitalists, deserted his post as assistant for International Economic Affairs to Henry Kissinger, returned to the Brookings Institution and the CFR, and embarked on a campaign to point out the destructive nature of the Nixon shocks—in articles in

the *Washington Post*, the *New York Times*, *Foreign Policy*, and *Foreign Affairs*. An article written for the latter in November 1971, three months after the Nixon bombshell, was quite blunt:

In the summer of 1971, President Nixon and Secretary Connally revolutionized U.S. foreign economic policy. In so doing, they promoted a protectionist trend which raises questions about the future of the U.S. economy at least as fundamental as those raised by the abrupt adoption of wage-price controls. In so doing, they have also encouraged a disastrous isolationist trend which raises questions about the future of U.S. foreign policy...Both the U.S. economy and U.S. foreign policy for the relevant future hang in the balance...

[Nixon] terminated the convertability of the dollar, shattering the linchpin of the international monetary system—on whose smooth functioning the world economy depends. He imposed an import surcharge, proposed both the most sweeping U.S. export subsidy in history and discriminated against foreign machinery by making it ineligible for the Job Development Credit, bludgeoned East Asia into "voluntary" restraint agreements on textiles and sought to extend and tighten the existing "voluntary" agreement on steel—completely revising the traditional position of U.S. administrations in resisting protectionism and leading the world toward ever freer trade...He violated the letter and the spirit of the reigning international law in both the monetary and trade fields...⁹

In September 1971 Bergsten, along with Richard Cooper and Richard Gardner,* two other leading transnational theorists, testified before the Subcommittee on Foreign Affairs, which issued a rather guarded report on the International Implications of the New Economic Policy in late February of 1972, noting:

There was a consensus among the nongovernmental witnesses...that the tactics pursued in behalf of the "New Economic Policy" embodied a high-risk strategy *that could lead to the first international trade war since the 1930s...*

There was a considerable body of opinion that the method of approach of the "New Economic Policy" unnecessarily harmed U.S. international relations. *Most significant was the apparent absence of any prior consultation with foreign nations, including our closest allies, on the measures announced.* Such a procedure undermines the basis for durable bilateral and multilateral relations of trust and cooperation between countries and in international organizations.¹⁰ [Italics ed.]

*Bergsten became assistant secretary of the treasury for International Affairs; Cooper undersecretary of state for Economic Affairs, and Gardner ambassador to Italy under Carter.

Walter Scheel then West Germany's foreign minister, warned: "By its decisions on trade policy, the United States may bring about the disintegration of the Western world."¹¹

The Nixon shocks, in fact, were a unilateral attempt to reassert U.S. economic dominance over Japan and Western Europe. Alliances, to be sure, were important, but the key was that Western Europe and Japan were on their own, open to U.S. attack or reconciliation as needed. In the vocabulary of the transnational "interdependence theorists," Nixon was following a policy of "economic nationalism" promoted by the more domestically-based and nationally-oriented industrial interests:

By and large, the major political source of the recent resurgence of economic nationalism, particularly in the United States...[has been] relatively immobile domestic groups pressing the government for protection of their share of welfare in the competition with transnational competitors. It is not a situation in which foreign economic policy is used to enhance state power but in which short-term problems of the distribution of economic welfare, particularly for groups whose interests are hurt by increasing international transactions, exert strong pressure on foreign economic policy, *regardless* of the implications for interstate power or even the aggregate welfare of the national society.¹²

On the face of it, Nixon's view might seem an eminently realistic assessment of interimperialist rivalries in the midst of a severe economic and political crisis. In fact, the splintering of the industrial capitalist nations posed serious threats to those international players—the transnational financiers and corporations—with vested interest in free trade, free investment, and a fluidly interdependent capitalist economy worldwide, in which money was free to come, go, and make more money as it pleased.

It was not long before these transnational financial powers began to act. In a series of articles, conferences, and exchanges of opinion of the most important economic, political, and theoretical representatives of transnational capital—Zbigniew Brzezinski, David Rockefeller, George Ball, C.F. Bergsten, Richard Cooper, Richard Gardner, David Packard, Cyrus Vance, W. Michael Blumenthal, Sir Alec Cairncross, Don Guido Colonna di Paliano, Raymond Barre, Jean Ray, John Loudon, Chujiro Fujino, Saburo Okita (see "Who's Who on the Trilateral Commission")—it was generally agreed that the wounds caused by the Nixon shocks were not going to heal themselves and that transnational interests had to be more vigorously championed internationally. It was impossible, of course, for the international economic system to return to the

status quo ante, or the scene of the crime, given the changed and changing scene. Nixon's economic policies; detente; an increasingly unsettled scene in Africa, Latin America, and Asia; and the emergence of OPEC and the oil crisis of 1973-74—all these factors had complicated and irreparably changed the capitalist world. But the international financial and corporate interests meant to see that these changes were dealt with so as not to threaten their transnational economic interests.

In early 1973, Rockefeller and Brzezinski launched the Trilateral Commission. (See "Creating the Trilateral Commission," following.)¹³

Is the Trilateral Commission a conspiracy? No more than the laws of capitalism conspire to assert themselves. The Trilateral Commission is the executive advisory committee to transnational finance capital. As Richard Falk has pointed out: "The vistas of the Trilateral Commission can be understood as the ideological perspective representing the transnational outlook of the multinational corporation," which "seeks to subordinate territorial politics to non-territorial economic goals."¹⁴

Before we move on to examine the Trilateral Commission's ideas, it might be in order to recall the political events of recent years.

The most striking event of the past decade was, of course, the Watergate affair and the scuttling of an entire administration. It is beyond the scope of this article to examine the direct relationship of transnational capital to Watergate; suffice it to say that, involved or not in Nixon's demise, the international financiers sighed with relief when Richard Nixon made his stumbling, feverish exit. The Ford Administration was much more reasonable, if somewhat noncommittal, and the 19 August 1974 appointment of Nelson Rockefeller as Ford's vice president spelled the final and definitive end to the turbulent Nixon shock years and the threat of a new protectionism—Vice-President Rockefeller being presumably closer to his brother David than to the excongressman from Grand Rapids. One can sense the cautious relief and guarded optimism in David Rockefeller's remarks to the Chamber of Commerce of the European Community in October 1975:

I share your concern over the number of petitions which have already been filed under the anti-dumping and countervailing duty provisions of the 1974 Trade Act. I am equally distressed, both as a free trader and as an executive in an industry as vulnerable to reciprocity as banking, by the large number of bills in Congress that would inhibit the flow of foreign investments into this country... Most are outright protectionist and should be killed in committee...

Fortunately, there are no signs that these anti-trade measures are supported by the Administration. Furthermore, the White House decision, after some hesitation, to participate in the economic summit in Paris is a further substantiation of the Administration's attitude on trade.¹⁵

But it was widely felt that the Republican Party was dead, and especially with the possible convention victory of Ronald Reagan—who stood for everything the transnational imperialists had worked to eliminate—there were more than a few hints that the Commission had a hand in the strange rise to power of Jimmy Carter.¹⁶ (See Shoup.)

Transnational Capital's Plan for a Better World

Interdependence is nothing new...but its present scale certainly is. Phenomena indicative of interactions across national frontiers have grown during the past generation even faster than output as a whole. Trade between the major economies, for instance, has increased about 8 percent annually, against an average annual growth of the global economy of about 5 percent. International production by integrated multinational companies has risen even faster, about 10 percent per year; over a fifth of the industrial output of market economy countries is now controlled by corporations which plan their investment, their fiscal transfers, their use of production capacity, their sales policy, etc., on a transnational basis.¹⁷

This excerpt from the first report of the Trilateral Political Task Force of October 1973 confirms the underlying reality of the Trilateral Commission's policy statements and programmatic declarations. In an increasingly complex international economic context, the choice for imperialist financiers is clear: either assert aggressively the subjugation of the entire capitalist world to the world and laws of finance, or risk the decay of interdependence and the rise of economic nationalism that would threaten the very basis of international financial capital's free-wheeling profit-making mechanism—open borders for capital flows:

The overriding goal is to make the world safe for interdependence, by protecting the benefits which it provides for each country against the external and internal threats which will constantly emerge from those willing to pay the price for more national autonomy. This may sometimes require slowing the pace at which interdependence proceeds, and checking some aspects of it. More frequently, however, it will call for checking the intrusion of national governments into the international exchange of both economic and noneconomic goods.¹⁸

First on the list of precious items to protect is foreign direct

investment. The expansion of foreign investment has brought with it some unwanted side effects. "Host" countries, especially the neocolonies, have an increasingly disturbing tendency to nationalize foreign businesses, or at least to tax them at something approaching reasonable rates. For obvious reasons, one of the Commission's imperatives is a safe atmosphere for foreign investment, i.e., docile neocolonial governments willing to enforce the superexploitation of their workforce. It has thus proposed "new international rules to check the efforts of national governments to seize for their own countries a disproportionate share of the benefits by foreign direct investment."¹⁹ (See Girvan Part VII.)

Linked with this are the Trilateral Commission's ideas on trade policy, which can be summarized in a single familiar word: liberalization—"a progressive, across-the-board, and automatic reduction and elimination of tariffs on industrial products."²⁰ Similar if less drastic measures are recommended for non-tariff barriers to trade: import and export controls, confusing customs procedures, subsidies, "Buy American" campaigns and the like. The reasons are clear and consistent. Success has been slow to date, and the many protectionist pressures now being exerted on the government by U.S. steel corporations, shoe manufacturers, and others highlight the political difficulties faced by transnational free traders.

International monetary reform was another priority on the transnational agenda, primarily because the system was in such disarray and this confusion was contributing to the strengthening of neonationalist forces. In mid-1973, coherent international monetary reform—or lack thereof—was the monkey wrench in the transnational machine; indeed, the first task force report was on this topic. Although monetary policy continues to be important, it is no longer of paramount concern, as many of the Commission's recommendations (flexible exchange rates, the elimination of gold as a monetary vehicle within the IMF, increased use of the IMF's Special Drawing Rights, improvements in the use of short-term credit to offset balance-of-payments deficits) have since been adopted.

Perhaps the most interesting development in the Commission's plans has been its attempts to get a grip on turbulence in the Third World. An example was the tremendous problems posed by the accumulation of petrodollars by the OPEC countries. Such an accumulation of unused capital in OPEC coffers was serious, and much effort went into plans to recycle this capital toward the profit-making machinery of the transnational corporations. One early plan was the "Third Window," whereby the OPEC countries would—through the World Bank and with subsidies from the advanced capitalist countries—lend large sums of money to other Third World

countries to allow them to buy more goods produced by transnational corporations:

A joint Trilateral-OPEC initiative that brings forth more capital for development would serve some very immediate Trilateral country interests. In a time of stagnant growth and rising unemployment, it is obviously advantageous to move funds from OPEC countries which cannot spend them on Trilateral country exports to developing countries who will.²¹

The history of this particular proposal indicates the powerful influence of the Commission on international politics and economics. First raised in early 1974 by the Task Force on the Political and International Implications of the Energy Crisis, it was fleshed out later in the year and discussed with World Bank and IMF officials in September of that year. In January 1975 the World Bank called for further study of the Third Window plan; in February the final task force report was published; in July 1975 the World Bank accepted the proposal, which is now functioning, albeit only in part. (See Phillips for a description of the Third Window.) International commercial banks have also played a major role in "recycling" money from OPEC treasure chests toward the fertile financial soil of countries like Brazil and Mexico.

But it quickly became clear that no financial sleight-of-hand would be sufficient to completely solve the energy problem, and accordingly the task force called for a long-range program for the trilateral countries to reduce dependence on OPEC petroleum. Their proposals form the basis of President Carter's energy plan. (See Garitty, and Kaufman and Clawson.)

More generally, since the energy crisis the Trilateral Commission's work has shifted and broadened its focus as the problems of continuing imperialist domination of the neocolonies have become more glaring. Thus more recent trilateral reports have emphasized the need to integrate thoroughly the so-called developing world into international capitalism. This integration takes many forms, from allowing the neocolonies a symbolically greater voice in organizations like the IMF, to tying neocolonial economies even closer to Western finance. Two well-known examples of trilateral theory in action are the seemingly more relaxed African policy of the Carter Administration on the one hand (see Nesbitt and Brown), and the astronomical debt of many underdeveloped countries on the other hand (see Phillips). Both—with different degrees of insidiousness—serve to encourage and/or force Third World countries to act within the economic and political limits prescribed by the major industrial powers.

The Commission's proposals on these and other issues are complex and comprehensive; many are discussed elsewhere in this volume. Here it is enough to summarize once more their general game plan: a capitalist world dominated by the industrial capitalist nations (themselves dominated by transnational financial interests) cooperating in a concerted offensive against Third World revolutionism by pursuing the irredeemable integration of the neocolonies into international capitalist commodity, investment, and financial markets; and cooperating in presenting a common front to the socialist world on economic, political, and military matters.

The Trilateral Commission is not a cabal or conspiracy, as some would have it. It is the international forum for discussion and decision making of imperialist finance in an unstable age. With ties to every major imperialist government, every transnational bank and corporation, and every major imperialist think-tank, its power is significant—a concerted power based on a commonality of interests and concerns rather than a blood oath.

Achievements, Problems, and Prospects

We have emphasized that trilateralism is the political expression of one section of finance capital, a section made up of banks and corporations with investments, commitments, sales, and production on an *international* scale. Clearly there is another section of finance capital which does not support the policies for which trilateralism stands; this section is made up of primarily industrial corporations whose operations are confined to one nation, whose export sales and foreign production facilities are insignificant. And it is to this split in finance capital that many of trilateralism's most serious problems can be traced.

For a major component of trilateralism is the attempt to bribe, threaten, and cajole the people of the advanced capitalist countries into supporting the internationalization of capital. North Americans, West Germans, and Japanese all have to be convinced that their respective countries are friendly partners in a peace-loving alliance; that Japanese TV sets and German steel sold in the U.S. represent a boon to U.S. consumers; that international economic interdependence is better than nationalism. It was not difficult to achieve this consensus in times of prosperity and economic expansion: incomes were rising, the lower prices of foreign-made goods were welcome, and the unemployment foreign competition might cause was only a distant threat.

But as the economy began to collapse in the early 1970s, for many people the problems of capitalist internationalism came to outweigh its advantages. Domestic manufacturers unable to sell their

products looked to eliminate competitors, and when the crunch came and factories began to close, domestic industrialists were quick to blame unemployment on low-priced foreign competition.

Indeed, the recession of the 1970s has unleashed significant protectionist forces in every advanced capitalist country. And although Nixon's early protectionism may have been beaten down, today Jimmy Carter and like-minded national leaders around the world are finding it impossible to ignore the political strength of protectionism. (See Block.)

So far, the trilateralists have been able to keep protectionism and economic nationalism from destroying their carefully-woven fabric. But they have not been able to hold off recessionary economic forces, and recession has bred tensions between Western Europe, Japan, and the United States. As the recession deepens, these tensions may erupt into trade wars, restrictions on capital flows, and a general collapse of international money markets. Similar tensions—and similar actions harmful to transnational interests—may also be heightened and quickened by the effects of the crisis on Africa, Latin America, and Asia.

A house of cards, even if well planned and carefully constructed, is still just a house of cards. The Trilateral Commission's program for the international economy is careful and thoughtful; its plans have the backing of the world's most powerful bankers, industrialists, and politicians. Yet the triumph of trilateralism—truly transnational imperialist relations—is possible only in a period of general expansion. As the economy moves inexorably toward a general collapse, the plans for a transnational world economy will become less and less feasible. The trilateral house of cards will fall—not because it is poorly built, but because its architects assumed the impossible: that capitalism would forever expand.

FOOTNOTES

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